

# **MINUTES OF THE MEETING OF THE CORPORATE COMMITTEE HELD ON TUESDAY, 28TH JUNE, 2016**

## **PRESENT:**

**Councillors: Barbara Blake (Chair), Eddie Griffith (Vice-Chair),  
Patrick Berryman, Isidoros Diakides, Stephen Mann, Reg Rice and  
Viv Ross**

### **72. FILMING AT MEETINGS**

The Chair referred Members present to agenda Item 1 as shown on the agenda in respect of filming at this meeting, and Members noted the information contained therein.

### **73. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS (IF ANY)**

Apologies for absence were received from Cllrs Adje, Ejiofor, Elliott and Peacock.

### **74. URGENT BUSINESS**

There were no items of urgent business.

### **75. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **76. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS**

There were no such items.

### **77. MINUTES**

#### **RESOLVED**

That the minutes of the meeting of the Corporate Committee held on 14 March 2016 be approved as a correct record and signed by the Chair.

### **78. INTERNAL AUDIT PROGRESS REPORT 2015/16 - QUARTER 4**

The Committee considered a report on the work undertaken by the Internal Audit and Counter Fraud teams in the quarter ending 31 March 2016, as presented by the Head of Audit and Risk Management.

The Committee considered the summary report on the audit of the Adoption and Fostering service and what was signified by the instances where no evidence had been provided in relation to the service's activities; the Head of Audit and Risk Management advised that this could mean that the actions had not taken place, or that they had happened but had not been appropriately documented. Without such evidence it was not possible to provide audit assurance and was the reason for a limited assurance being issued. In response to a question as to whether lack of evidence in the sample chosen indicated wider problems, it was confirmed that issues occurring in a limited sample were usually indicative of wider issues. The Head of Audit and Risk Management advised that, in light of a limited assurance being issued, Internal Audit would undertake follow up work to ensure that the agreed actions had been implemented and would report the findings of this follow up work to the Committee in September. The Committee asked what would happen if actions were found not to have been implemented when the follow up work was completed, in response to which the Head of Audit and Risk Management advised that Members had the option to invite the relevant Assistant Director to address the Committee on the issues raised.

It was agreed that the Committee would review the follow up audit work in respect of the Adoption and Fostering service in September and would then take a view on whether further action was required.

## **RESOLVED**

That the audit coverage and counter-fraud work completed be noted.

### **79. ANNUAL INTERNAL AUDIT REPORT 2015/16**

The Committee considered the Annual Internal Audit Report 2015/16, presented by the Head of Audit and Risk Management.

The Committee asked about work to tackle business rate fraud, as this was not referred to in the annual report. The Head of Audit and Risk Management advised that no proactive business rate fraud prevention work had taken place during 2015/16; there had been a significant piece of work in this area during the previous year, and the recommendations arising from this work had rolled forward as part of 'business as usual' activities. It was reported that there was audit activity planned in 2016/17 around change of use, in particular to address the issue of commercial units being rented out fraudulently as residential accommodation. The Chief Operating Officer also noted that proactive fraud work was undertaken on a risk basis, and that while the Council only received 20-30% of business rate income, this was not judged a priority area to focus on; it was anticipated that additional resources would be dedicated to this area when responsibility for business rates passed fully to local authorities.

In response to a question from the Committee, the Head of Audit and Risk Management confirmed that Haringey schools were not able to opt out of using the Council's internal audit service, to ensure that the Council retained oversight of the way in which the devolved schools' budgets were being managed. It was noted that problems arising from schools' audits had increased significantly since the mandatory

assessment system had been replaced by a voluntary self-assessment process. The Head of Audit and Risk Management advised that she ran training for school governors on an annual basis, however this was generally attended by a low percentage of governors. The Head of Audit and Risk Management advised the Committee that the Council had no responsibility in respect of Academies; Academies were required by law to have an external audit function but were not required to have an internal audit function.

Noting that schools with outstanding audit recommendations from last year would undergo a further full audit this year, the Committee asked what happened in the event that audit recommendations remained outstanding. The Head of Audit and Risk Management advised that an escalation process had been agreed with the Schools Forum and the Corporate Committee, which would ultimately lead to Ofsted and the Department for Education being notified of any persistent failure to implement audit recommendations. The Corporate Committee would receive a report on any schools failing to implement recommendations and triggering this escalation process.

The Committee asked how the Council responded to referrals received via the whistleblowing policy. The Head of Audit and Risk Management advised that every allegation was looked into and a decision taken as to whether there was sufficient grounds to proceed to a more formal investigation; where it was not felt that there was sufficient evidence to investigate more formally or that a complaint may be frivolous, the individual concerned would often be unaware that they had been the subject of an allegation. It was noted that the Head of Audit and Risk Management held the central record of all whistleblowing complaints received and was able to monitor this to identify any patterns that may emerge over time.

## **RESOLVED**

That the content of the Head of Audit and Risk Management's annual audit report and assurance statement for 2015/16 be noted.

## **80. ANNUAL GOVERNANCE STATEMENT**

The Committee considered a report on the Annual Governance Statement 2015/16, presented by the Chief Operating Officer, which set out the draft statement relating to the 2015/16 financial year for review.

The Committee asked about the number of cases of financial irregularity investigated and proven in 2015/16, and what the trend had been over the past few years. The Head of Audit and Risk Management advised that in terms of absolute numbers, there had been a decline in the number of cases, however as a proportion of the overall workforce, this had remained broadly the same as previous years.

The Committee questioned the assertion that 'The Council requires all members to formally acknowledge receipt of their code of conduct on an annual basis'. It was clarified that this related only to new members elected during any year having to acknowledge receipt of the code of conduct and not all members every year. It was agreed that the wording of this point would be amended for clarity.

## RESOLVED

- i) That the draft 2015/16 AGS be approved.
- ii) That the approval timescale and processes for the 2015/16 AGS be noted.

### 81. LOCAL GOVERNMENT COUNTER-FRAUD AND CORRUPTION STRATEGY 2016-19

The Committee considered a report on the Local Government Counter Fraud and Corruption Strategy 2016-2019, and the presentation delivered by the Head of Audit and Risk Management, which covered the definition and reasons for fraud, the cost of fraud, details of the Fighting Fraud and Corruption Locally strategy, key risk areas and the role of the Corporate Committee in this work. The Head of Audit and Risk Management outlined examples of ways in which fraud was attempted, in response to questions from the Committee. The Committee was also advised of a forthcoming campaign against tenancy fraud in Haringey, which would include messages being printed on the reverse of till receipts from local branches of Argos. The Chair welcomed this presentation, and expressed a wish to raise the profile of the work of the Corporate Committee and the Council's anti-fraud activities.

In response to a question from the Committee regarding the imposition of sanctions on residential care homes where the death of a resident had not been reported to the Council appropriately, the Head of Audit and Risk Management advised that this would depend on whether it was ascertained that the facility had sought to deliberately withhold information from the Council for the purposes of obtaining a financial benefit. Where it was established that this had been the case, the Council would seek to prosecute, however in instances where it was felt that there had been no deliberate intention to mislead, the recovery of any monies received to which the organisation had not been entitled would be sufficient.

The Committee asked whether there was a proactive plan for the regular audit of internal systems, and it was advised that there was a plan for the review of systems across the Council on a risk basis which was produced annually and was an item later on the agenda. The Committee asked why the key risks outlined in the presentation did not specifically refer to those associated with large regeneration contracts, as this was a particular issue in Haringey at present. The Head of Audit and Risk Management advised that the key risks in the presentation were those identified within the national strategy and that there would be places where the risks in Haringey were not fully aligned with these; it was confirmed that such procurement risks were covered in Haringey's internal audit plan each year as these were areas of high expenditure and were therefore assessed as a key risk for the Council. The Chair noted that she was seeking assurance from officers on the way in which these particular risks were being managed as the Council entered into a significant Development Vehicle, and would discuss with the Chief Operating Officer how this was to be reported back to the Committee.

The Committee emphasised the importance of communicating successful prosecutions, as the perception that people could 'get away with it' encouraged further

offences. The Head of Audit and Risk Management advised that the Council's communications team issued a press release for every successful prosecution, these were also promoted in Haringey People and Homes Zone, and that the Council was looking at ways of achieving greater visibility for such stories. The Committee suggested that social media might be an effective way of raising the profile of counter fraud work in future.

In response to a question from the Committee regarding whether counter fraud staff were consulted on new policies, the Head of Audit and Risk Management advised that there was no formal procedure in place whereby it was essential for counter fraud staff to be consulted, however in practice they were consulted on nearly all emerging policies. The Committee also asked about the Council's use of technology in counter fraud work; it was reported that the Council used online credit reference agencies and had document scanners in place within the customer services, benefits and homelessness teams in order to verify that documentation provided was genuine and the use of this technology was promoted in order to discourage potential offences.

The Committee noted the recommendation in the strategy that local authorities consider using the Cifas Internal Fraud Database; the Head of Audit and Risk Management advised that the Council did not participate in the Cifas database and instead had a successful relationship with National Hunter.

The Committee asked what protection there was for staff against false allegations of fraud. The Head of Audit and Risk Management advised that staff were trained to immediately report any offers or enquiries they received regarding ways of getting around the usual systems, and to then take no further part in the case concerned, in order to protect themselves from any such allegations.

In respect of the FFCL checklist as set out in the strategy companion, the Head of Audit and Risk Management advised that the Council already met a large number of these as part of its routine business. It was agreed that an update on the Council's performance against this list would be provided at the September meeting.

## **RESOLVED**

- i) That the content of the Strategy and Companion publications be noted.
- ii) That the recommended actions in response to the Strategy set out in paragraph 6.3 of the report be confirmed; and the self assessment checklist set out in Appendix A.

## **82. ANNUAL INTERNAL AUDIT PLAN**

The Committee considered a report on the Annual Internal Audit Plan and Strategy 2016/17, presented by the Head of Audit and Risk Management.

## **RESOLVED**

- i) That the Internal Audit Strategy be approved.

ii) That the Annual Internal Audit Plan for 2016/17 be approved.

**83. EXTERNAL AUDIT UPDATE**

The Committee received an update report from BDO, the Council's external auditors. It was noted that work to date had primarily focussed on review and testing of the Council's internal controls and transactions, and that so far no concerns had been identified. The Council had provided the accounts to the external auditors ahead of schedule, and a full report on the audit of the accounts would be presented to the Committee in September.

**RESOLVED**

That the content of the report be noted.

**84. TREASURY MANAGEMENT OUTTURN 2015/16 AND QUARTER 1 2016/17 UPDATE**

The Committee considered a report on the Treasury Management 2015/16 Outturn, and an introductory presentation on general treasury management issues by the Head of Finance – Treasury and Pensions. The Treasury Management Outturn report indicated that the Council had not breached any of its treasury management or prudential indicators in 2015/16. The presentation covered the general definition of treasury management, borrowing, investments, roles and responsibilities and the key aspects of the outturn report.

In response to a question from the Committee regarding the possibility of refinancing long term borrowing to take advantage of the lower interest rates now available, the Head of Finance – Treasury and Pensions confirmed that this would not be possible without the payment of a premium, which would offset any saving. The Committee also asked about the arrangements for overnight investment and the Head of Finance – Treasury and Pensions outlined the controls in place around this type of transaction.

The Committee asked whether the report covered Alexandra Palace debt, and it was confirmed that the Alexandra Palace debt portfolio was not held on the Council's books and was therefore not covered in this report. In response to a question from the Committee as to whether this was a potential liability, it was confirmed that this might be possible, but that it remained separate from the Council's portfolio for as long as Alexandra Palace was a going concern.

The Committee sought some clarification of the way in which the credit score weighting operated, and the significance of the affordability indicator and the Head of Finance – Treasury and Pensions provided clarification on these points.

**RESOLVED**

That the treasury management activity and performance during 2015/16 be noted.

**85. ANY OTHER BUSINESS OF AN URGENT NATURE**

There were no items of urgent business.

**86. DATE AND TIME OF NEXT MEETING**

15 September 2016, 7pm.

The meeting closed at 9pm.

CHAIR: Councillor Barbara Blake

Signed by Chair .....

Date .....