

NOTICE OF MEETING

CORPORATE COMMITTEE

Tuesday, 25th July, 2017, 7.00 pm - Civic Centre, High Road, Wood Green, N22 8LE

Members: Councillors Barbara Blake (Chair), Eddie Griffith (Vice-Chair), Gina Adamou, Charles Adje, Patrick Berryman, Isidoros Diakides, Gail Engert, Adam Jogee, Toni Mallett, Reg Rice, Viv Ross and Raj Sahota

Co-optees/Non Voting Members:

Quorum: 3

1. FILMING AT MEETINGS

Please note that 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 12)

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 - 8)

To consider and agree the minutes of the meeting held on 21 March 2017.

7. ANNUAL INTERNAL AUDIT REPORT 2016/2017 (PAGES 9 - 24)

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 2016/17 and present a summary of the audit work undertaken to formulate the opinion, including reliance placed on work by other bodies.

8. ANNUAL GOVERNANCE STATEMENT 2016/2017 (PAGES 25 - 48)

Report of the Assistant Director of Corporate Governance to inform the Corporate Committee of the statutory requirements to produce an Annual Governance Statement (AGS) and provide a draft statement relating to the 2016/17 financial year for review and approval.

9. INTERNAL AUDIT PROGRESS REPORT 2016/17 - QUARTER 4 (PAGES 49 - 82)

Report of the Assistant Director, Corporate Governance to detail the work undertaken by Internal Audit in the quarter ending 31 March 2017 and focuses on progress on internal audit coverage relative to the approved internal audit plan, including the number of audit reports issued and finalised – work undertaken by the external provider (Mazars).

10. COUNTER FRAUD UPDATE QUARTER 4 (PAGES 83 - 92)

Report of the Assistant Director for Corporate Governance, detailing the work undertaken by the Counter-Fraud Team in the quarter ending 31 March 2017 and focusing on details of pro-active and reactive investigative work undertaken relating to fraud and/or irregularities – work undertaken by the in-house counter Fraud Team.

11. EXTERNAL AUDIT PROGRESS UPDATE (PAGES 93 - 100)

Report of BDO, the Council's external auditors.

12. ANY OTHER BUSINESS OF AN URGENT NATURE

To consider any items admitted at item 3 above.

13. DATE AND TIME OF NEXT MEETING

Thursday 21st September 2017

Susan John, Principal Committee Co-ordinator
Tel – 020 8489 2615
Fax – 020 8881 5218
Email: susan.john@haringey.gov.uk

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

Monday, 17 July 2017

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MINUTES OF THE MEETING OF THE CORPORATE COMMITTEE HELD ON TUESDAY, 21ST MARCH, 2017, 7.00 - 9.10 pm

PRESENT:

Councillors: Barbara Blake (Chair), Eddie Griffith (Vice-Chair), Charles Adje, Patrick Berryman, Isidoros Diakides, Joseph Ejiofor, Gail Engert and Reg Rice

126. 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.

127. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS (IF ANY)

Apologies for absence had been received from Cllr Adamou, Cllr S Mann, Cllr Peacock and Cllr Ross. Apologies for lateness had been received from Cllr Ejiofor.

128. URGENT BUSINESS

There were no items of urgent business.

129. DECLARATIONS OF INTEREST

There were no declarations of interest.

130. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

There were no such items.

131. MINUTES

RESOLVED

That the minutes of the meeting of the Corporate Committee held on 31 January 2017 be approved as a correct record and signed by the Chair.

132. TREASURY MANAGEMENT UPDATE - Q3

The Committee received a presentation on the Treasury Management update for quarter 3 from Thomas Skeen, Head of Pensions, which set out the general background and an update on the Council's borrowing and investment positions. The Committee noted that all treasury management activity during the quarter had been in

line with the approved Treasury Management Strategy Statement and that, due to the maturity of existing loans, the Council's borrowing had reduced by £9.7m between 31/3/2016 and 31/12/2016, to £273.6m.

The Committee asked whether the proposed transfer of assets to the Haringey Development Vehicle (HDV) would have an impact on the Council's ability to borrow in future. The Chief Operating Officer confirmed that, as the assets to be transferred were land assets, this would have no impact on the Council's borrowing ability.

RESOLVED

- i) That the Committee note the Treasury Management activity undertaken during the nine months to 31st December 2016 and the performance achieved.
- ii) That the Committee note that all treasury activities were undertaken in line with the approved Treasury Management Strategy: in particular the prudential indicators with fixed limits as shown in appendix 1 of the report.

133. HARINGEY COUNCIL SMOKING POLICY

The Committee considered the report on the Haringey Council Smoking Policy, as presented by Deborah Millward, Healthy Public Policy Officer. Following a refresh of the Council's existing policy, the Committee was asked to approve a number of changes, as set out in the report.

The Committee expressed concern that the proposed policy did not allow for any designated smoking areas in the vicinity of Council property, and felt that this was unreasonable; Ms Millward confirmed that the proposed policy was in line with the Council's corporate priorities, the work to support staff wellbeing and the Local Government Declaration on Tobacco Control, and had received strong support from the workforce boards who had considered the report as it was being developed. In response to a question from the Committee, it was confirmed that staff had not been consulted in the formulation of the policy, however it had been considered at the workforce boards, by Human Resources and by the Trade Unions. The Committee also expressed concern that it was draconian not to permit staff to smoke during paid working hours; it was confirmed that this was a point that the Chief Executive had been very clear about when the report had been considered at the Staffing and Remuneration Committee.

The Committee asked about the reference to criminal sanctions in the policy, and it was reported that this related specifically to breaches of the Smoke-Free (Premises and Enforcement) Regulations 2006 rather than the policy in general. It was confirmed that the policy applied to Members as well as employees and contractors working for the Council.

The Committee asked whether it was possible to see the formal comments provided by the Trade Unions with regard to the proposed policy changes – the Committee noted the engagement process as set out in the report, and the confirmation from

officers that the policy had been co-designed by the Trade Unions, but felt that it was important to see the specific feedback from the unions in considering this policy.

In response to concerns from the Committee regarding the level of consultation with staff and Members, it was agreed that it would be useful for wider discussions with both these groups to be undertaken around the implementation of the policy.

The Committee asked about the areas covered by the policy, and it was confirmed that it related to workplaces such as office buildings and children's centres – it did not cover areas such as parks. The policy set out a restriction on smoking within 20m of such workplaces, in order to prevent people congregating near Council buildings to smoke, and was in line with the promotion of the Haringey Values. The Committee expressed concern that it was not entirely clear who would be affected by the restrictions and when, as the definition of 'working hours' was different for different groups of staff, and that it would not be fair to impose sanctions on people when the policy itself was not sufficiently clear.

In response to a question from the Committee regarding the sanctions that could be imposed under the policy, it was noted that Fixed Penalty Notices or Court Fines of up to £200 were applicable specifically for improper disposal of cigarette stubs, but that general failure to comply with the smoke-free workplace legislation could lead to the instigation of disciplinary procedures, as set out in paragraph 9.1 of the report.

The Committee did not feel able to endorse the proposed changes to the policy until they had considered the response from the Trade Unions, and requested that the item be brought back to a future meeting of the Committee once this information was available. It was also agreed that wider discussion with staff and Members on the implementation of the proposed policy be undertaken. It was noted that the report had previously been agreed by the Staffing and Remuneration Committee and would therefore also need to go back to that Committee.

RESOLVED

That the report be brought back to a future meeting of the Committee for consideration, and that the Committee be provided with the comments from the Trade Unions on the proposed policy changes.

134. INTERNAL AUDIT PLAN AND INTERNAL AUDIT STRATEGY

The Committee considered the report on the draft internal audit plan for 2017/18 and internal audit strategy, as presented by Anne Woods, Head of Audit and Risk Management. The report set out the way in which the internal audit plan was devised, the internal audit strategy and the proposed audit plan.

The Committee noted the days allocated for audit work on the HDV, and asked for more details on what this work would cover. It was reported that this would primarily be around the processes in place for managing the key risks that had been identified in relation to the HDV at this stage, but it was noted that there were further decisions to be taken around entering into the HDV and there would therefore be ongoing

monitoring of the key areas of risk to ensure that resources were allocated accordingly.

The Committee asked why only one secondary school was listed on the plan for the coming year; it was reported that all schools were audited on the basis of a 3-4 year cycle rather than every school being audited each year, for example this year three secondary schools had been covered and the year before it had been two. In response to a question about the audit work planned for Osborne Grove, it was confirmed that this was specifically in relation to weaknesses identified by the recent CQC inspection in respect of financial and non-financial management arrangements – no issues had been identified in relation to the quality of care at the centre. The Committee asked where audits of 51°N would be covered, and it was confirmed that this would be in the Homes for Haringey internal audit plan.

The Committee asked about audit work on commercial buildings, and whether this was planned as an area to look at in the next year. It was confirmed that this was not an area planned for the coming year but had been undertaken as part of the Commercial Property internal audit undertaken either last year or the year before and would have been reported up to the Committee in the usual way. It was agreed that the internal audit report on Commercial Property be circulated to the Committee for information.

Action: Head of Audit and Risk Management

RESOLVED

- i) That the Committee approve the Internal Audit strategy.
- ii) That the Committee approve the Annual Internal Audit Plan for 2017/18.

135. PROCUREMENT - UPDATE ON RECOMMENDATIONS IN AUDIT WAIVER REPORT

The Committee received a presentation from Stephen McDonnell, Assistant Director, Commercial and Operations, on the actions taken in response to the recommendations arising from the internal audit waiver report. The presentation set out the key findings of the audit report, the progress that had been made since 2015/16 and what these meant in practice, and the outcomes from the measures that had been put in place.

The Committee noted with concern the audit finding regarding the lack of justification for over half of waivers tested, and sought assurance that the new processes that had been put in place represented a genuine change in practice and did not simply make it easier for waivers to be granted without good reason. Mr McDonnell gave his opinion that significant improvement had been made in this area as the result of the focus on addressing this issue, and the fact that there had been a significant reduction in the number of waivers overall indicated that improvements had been made and that services were not seeking to circumvent the procurement rules. The changes to the Contract Standing Orders strengthened the framework for ensuring compliance with the rules, and the service had worked directly with officers and suppliers to effect a

culture change around this area. It was hoped that the follow-up audit planned for 2017/18 would reaffirm that this was the case.

The Committee asked about the reported change in the Contract Procedure Rules relating to contracts below £160k; it was confirmed that for contracts between £10k and £160k in value, at least three competitive quotes would be required, and anything above the £160k threshold would require a full tender process. Mr McDonnell advised that the previous Procedure Rules required a full tender process for contracts exceeding £25k in value.

The Committee asked about the sample of waivers that had been looked at in the audit, and it was confirmed that the audit had covered 20 of the total of 80 waivers for 2015/16. In terms of value, it was confirmed that the audit had aimed to look at as wide a range of waiver values as possible in the sample. The Head of Audit and Risk Management advised that in line with the Internal Audit Plan for next year, a continuous audit approach was planned for Accounts Payable, meaning that reports would be generated on a quarterly basis and would enable much closer monitoring of all expenditure. In response to a request from the Committee, it was confirmed that the total cash value of all 80 waivers from 2015/16 would be provided, to establish a baseline figure.

Action: Assistant Director, Commercial and Operations.

The Committee asked about the resources in place to undertake the work outlined, as this had been a concern previously. Jane West, Interim Head of Financial Administration, confirmed that there was now a Compliance Manager and a Management Information Officer, two support officers and Vendor Management Officers in place to support this work and that all these posts, with the exception of one Vendor Management Officer post which was covered by a temporary member of staff, were filled on a permanent basis. Mr McDonnell advised that three of the four Strategic Procurement Partner posts were filled, and recruitment was taking place currently for the one vacant post.

In response to a question regarding the structure of the procurement service, Mr McDonnell confirmed that there was a centralised Procurement function, who provided strategic support and advice to the Commissioners based in each of the service areas. The central procurement team worked with the service areas to develop their commissioning strategies from the outset, as this was felt to deliver better outcomes than waiting until services reached the point of entering the actual procurement process. Members welcomed this approach.

RESOLVED

That the update be noted and that the Committee would continue to seek assurance from the service in respect of its progress.

136. HOUSING BENEFIT SUBSIDY: 2015-16 GRANT CLAIM - REPORT ON ACTIONS TAKEN FOLLOWING EXTERNAL AUDIT OF SUBSIDY CLAIM

The Committee considered the report on the actions taken following the external audit of the Housing Benefit Subsidy Grant Claim for 2015-16, presented by Mark Rudd,

Assistant Director, Shared Services. It was noted that the Council should get an update on the final subsidy position at the end of April 2017; in response to a question from the Committee regarding this, it was clarified that the Council had been undertaking further testing of housing benefit claims subsequent to the work undertaken by external audit and would be providing further evidence in respect of the errors identified as part of this additional testing to the DWP, with the anticipation that this may reduce the impact on the amount of subsidy received by the Council. The Committee noted, however, that there was the risk that a greater number of errors may be identified as a result of the additional testing. The Committee asked to be informed of the final decision in respect of the level of subsidy to be received directly, rather than waiting to be reported to the next meeting and it was agreed that this would be done.

Action: AD Shared Services / Head of Benefits

The Committee noted the 6-9 month training period required for staff working in the benefits team, and asked whether there was a risk to the Council that staff may leave to work elsewhere, once they had been trained. It was confirmed that this was the case, and that the retention of trained benefits staff was one of the resourcing challenges the Council faced. In response to a question from the Committee regarding the undertaking of a cost-benefits analysis and potential review of pay grades in order to improve retention rates, Mr Rudd confirmed that this was one of the options being considered. Also being considered was the recruitment of permanent home-workers who could be based outside of London, in areas where the salary offered by Haringey may be more attractive.

The Committee welcomed the report that staff were now in place actively working on addressing the backlog of cases, but noted that home-working had previously been undertaken in the benefits team with good results and asked why this had not been carried on. Mr Rudd advised that the team still had a number of home-workers, following on from the successful introduction of this model, however they had previously been required to come into the office at least one day a week, meaning that they had to be relatively local. New systems, however, meant that it would be possible to employ people working from home on a full-time basis, and this would therefore not restrict staff from being based further away from the borough. It was confirmed that that trade unions were aware that this was one of the options being looked at in response to the challenge of recruiting experienced staff, and it was also confirmed that any staff recruited to work from home on a full-time basis would be subject to the same terms and conditions as other employees.

RESOLVED

- i) That the Committee note the content of the report.
- ii) That the Committee note the on-going work now being undertaken by officers to address the concerns of the external auditors.

137. AUDIT PLAN

The Committee considered the report on the Audit Plan, presented by Leigh Lloyd-Thomas, BDO. The report set out the expected key issues to be covered by the

external audit, the scope of the work, the level of materiality, Group matters, and the external auditors' statement of independence and fee summary. A further report on the audit work would be brought back to the Committee at its next meeting.

The Committee asked about the work the external auditors would be doing on the HDV. Mr Lloyd-Thomas advised that BDO would be looking at the governance arrangements and management controls and processes the Council had in place to protect itself in relation to any decisions it was to take, to ensure that any decisions were taken on the basis of appropriate advice having been received, that risks were fully understood and that adequate controls were in place to manage those risks. It was confirmed that the external auditors were currently looking at the HDV issues and that if they had any significant concerns, these would be flagged up immediately with the Committee via the Chair – any more general findings would then be reported up as usual in the report to the Committee at its September meeting.

The Committee noted reference in the report (under Sustainable finances) to a council tax freeze grant for 2017/18, but had understood that this grant had finished in 2016/17 – it was agreed that the external auditors would check this point.

Action: BDO / Chief Operating Officer

The Committee asked about the mechanism for raising concerns with the external auditors, as it used to be the case that they could write directly to the district auditor under the previous arrangements. Mr Lloyd-Thomas advised that Members were able to write directly to the external auditors with any concerns and were encouraged to do so; the external auditors retained the functions and powers of the former district auditors.

RESOLVED

That the content of the report be noted.

138. AUDIT PROGRESS REPORT

The Committee considered the regular progress update from the external auditors.

RESOLVED

That the content of the report be noted.

139. DELEGATED DECISIONS, SIGNIFICANT ACTIONS AND URGENT ACTIONS

The Committee considered the report on delegated decisions and significant actions taken since the previous meeting of the Committee.

In relation to the Treasury Management Strategy Statement which was attached to the report, the Committee asked about the possibility of identifying opportunities for paying off higher-rate loans held by the Council. The Chief Operating Officer advised that monitoring was undertaken on a continual basis to identify any opportunity to pay off such debt, however the penalties for doing so were generally set at a level such as

to be prohibitive. It was confirmed that financial modelling was undertaken to identify any areas where the early repayment of debt may be financially beneficial to the Council. It was noted that the current maturity profile of the Council's LOBO loans, and early repayment premium for each, was set out at appendix 3 to the Treasury Management report on the agenda for this meeting.

RESOLVED

That the content of the report be noted.

140. ANY OTHER BUSINESS OF AN URGENT NATURE

There were no new items of urgent business.

141. DATE AND TIME OF NEXT MEETING

25 July 2017, 7pm.

The meeting closed at 9.10pm.

CHAIR: Councillor Barbara Blake

Signed by Chair

Date

Report for: Corporate Committee – 25 July 2017

Item number: 7

Title: Annual Internal Audit Report 2016/17

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: N/A

**Report for Key/
Non Key Decision: 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 2016/17 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 relevant statutory requirements of the 2013 UK Public Sector Internal audit Standards (PSIAS); the 2015 Local Government Transparency Code; and 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 2016/17.

4. Reasons for decision

- 4.1 The Corporate Committee is responsible reviewing the Annual Internal Audit Report as part of the required statutory processes.
- 4.2 In order to facilitate this, reports are provided on a quarterly basis to the Corporate Committee on the work undertaken by the Internal Audit Service in completing the 2016/17 annual audit plan, together with reports on the responsive and pro-active fraud investigation work undertaken during the year.
- 4.3 The report also supports the production of the Council's statutory Annual Governance Statement.

5. Alternative options considered

- 5.1 Not applicable.

6. Background information

- 6.1 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.’*
- 6.2 In addition, the mandatory 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 PSIAS and the results of the quality assurance and improvement programme.
- 6.3 The 2015 Local Government Transparency Code requires the Council to publish information annually in respect of its counter-fraud activities and the resources used to undertake this.
- 6.4 The information in this report has been compiled from information held within Audit & Risk Management and from records held by Mazars Public Sector Internal Audit Ltd (Mazars), the contracted provider of internal audit services to the Council.

7. Contribution to strategic outcomes

- 7.1 The internal audit and counter-fraud teams make a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all Corporate Plan Priority areas.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

8.1 Finance and Procurement

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 2018, in accordance with EU regulations. The costs of this contract are contained and managed within the Audit and Risk Management revenue budget.

The report includes a number of estimates of the value of fraud uncovered by the work of the team; the Council will always seek to recover this where possible and in many instances this has been achieved. Even where full recovery has not yet been possible, the investigatory work has prevented further losses.

Two of the largest areas of activity concern housing – tenancy and ‘Right to Buy’ fraud. The financial benefits to the Council of the housing tenancy fraud work will be realised as properties are recovered and returned to the Council’s

portfolio. The Cabinet Office estimates 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. Preventing fraudulent Right to Buy applications ensures that properties are retained within the social housing stock and discounts of up to £104k per property are not allocated to those who are not entitled to receive them.

8.2 Legal

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.

8.3 Equality

The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- advance equality of opportunity between people who share those protected characteristics and people who do not;
- foster good relations between people who share those characteristics and people who do not.

As contracted providers of Haringey Council, the internal audit contractor is required to demonstrate a strong commitment to equality and fairness in their actions and work practices, and adherence to the Equality Act 2010. Ensuring that the Council has effective internal audit and assurance arrangements in place will also assist the Council to use its available resources more effectively.

9. Use of Appendices

Appendix A – Annual Internal Audit Report 2016/17

10. Local Government (Access to Information) Act 1985

Not applicable

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Annual Report on Internal Audit Activity 2016/17

1. Role of Internal Audit

- 1.1 The requirement for an internal audit function is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must: *'Undertake and effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.'*
- 1.2 The mandatory 2013 UK Public Sector Internal Audit Standards (PSIAS) are the 'auditing standards' which the Accounts and Audit Regulations refer to and which the Council must comply with. Under these standards, internal audit are required to have an external quality assessment at least once every five years. Haringey's audit was externally assessed in 2014 which confirmed that the Council complied with the required standards; annual self assessments undertaken since this have ensured continuing compliance with PSIAS.
- 1.3 The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. The 2015 Accounts and Audit Regulations require the Council to review, at least annually, the effectiveness of its system of internal control. Internal audit plays an important role in advising the Council that these arrangements are in place and operating effectively. The Council's response to internal audit activity and recommendations should strengthen the control environment and ultimately contribute to achieving the organisation's objectives.
- 1.4 Internal Audit services for Haringey Council, excluding the investigation of allegations of fraud and corruption, are provided by Mazars Public Sector Internal Audit Ltd (Mazars) as part of the framework contract awarded to the London Borough of Croydon and extended to 31 March 2018, in accordance with EU regulations.

2. Internal Audit Approach

- 2.1 To assist the Council in meeting the relevant audit standards and achieving its objectives, internal audit provide a combination of assurance and advisory activities. Assurance work involves assessing how well the systems and processes are designed and working; advisory activities are available to help improve systems and processes where required.
- 2.2 A full range of internal audit services has been provided in forming the annual opinion. The approach to each audit review is determined by the Head of Audit and Risk Management, in discussion with Mazars and service management and will depend on: the level of assurance required; the significance of the area under review; and risks identified.
- 2.3 A report is issued for every assurance project in the annual audit plan which 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 relates to the findings at the time of the audit work. Internal

Audit undertake formal follow up work to ensure recommendations are implemented.

3. Internal Audit Opinion

3.1 The Head of Audit and Risk Management is responsible for delivering an annual audit opinion and report that can be used by the Council to help inform its statutory Annual Governance Statement. The annual audit opinion should provide a conclusion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

3.2 Internal audit work, using a risk based approach, included reviews of those systems, projects, and establishments 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 2015 Accounts and Audit (England) Regulations.

3.3 In providing the annual audit opinion reasonable, but not absolute, assurance can be provided that there are no major weaknesses in the processes reviewed. In assessing the level of assurance given, I have taken account of:

- Reports on all internal audit work completed, including any advisory work and briefings to management;
- Results of follow up exercises undertaken;
- Any reviews completed by external review bodies;
- The resources available to deliver the internal audit plan; and
- The compliance with 2013 UK PSIAS.

3.4 Audit Opinion 2016/17

3.4.1 I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of the Council's internal control environment.

3.4.2 I have considered the work completed by both Mazars and the in-house counter-fraud investigation team for 2016/17. This includes reviews of internal audit reports, fraud investigations and briefings to management. In my opinion, with the exception of those areas where 'limited' or 'nil' assurance reports have been issued, the controls in place in those areas reviewed are adequate and effective.

3.4.3 Where weaknesses in controls have been identified, internal audit has worked with management to agree appropriate actions and timescales for implementation. Internal Audit will undertake follow up reviews or further audit work to confirm their implementation.

3.4.4 In my opinion, the Council's framework of governance, risk management and management control is adequate and audit work has found controls to be generally effective. Issues arising from internal audit's work which have significant implications for the Council's control and assurance framework have been included in the Annual Governance Statement, which is reported separately to the Corporate Committee.

3.4.5 The significant issue where improvements in compliance with controls were needed related to schools' audits. In 2016/17, the outcomes from the 25 schools audited represented a significant deterioration compared with previous years' results. Further work is being undertaken in conjunction with the Schools Forum and Children's Services to assist schools and reduce the potential risk on the Council. A summary of outcomes for 2016/17 is as follows:

- Nine schools received a 'substantial' assurance rating;
- Thirteen schools received a 'limited' assurance rating; and
- Three schools received a 'nil' assurance rating.

4. Internal Audit Coverage and Output

4.1 The 2016/17 audit plan was informed by internal audit's own assessment of the Council's key risk areas and discussions with Priority Owners and senior management to ensure that audit resources were aligned to agreed areas of risk. A level of contingency was included in the audit plan to ensure that any emerging risks during the year could be adequately reviewed. Work has been planned and performed in order to obtain reasonable assurance that the internal control system is operating effectively.

4.2 The original plan for 2016/17 included a total of 68 projects, including schools audits, and was approved by the Corporate Committee on 28 June 2016. Internal audit liaise closely with Priority Owners and senior managers during the year to ensure that audits planned continue to focus on high risk areas in light of emerging risks and changes to operational processes.

4.3 As a result of ongoing liaison and review of risks, some changes were made to the original plan during the year as follows:

| | |
|---|-----------|
| Number of projects as per the original plan | 68 |
| Audits added to the plan | 4 |
| Cancelled audits | 2 |
| Audits covered by other reviews | 2 |
| Audits deferred to 2017/18 | 4 |
| Total number as per the revised plan | 64 |

4.4 Most of the audit work was geared towards providing assurance to management on the adequacy and effectiveness of the Council's internal control environment. This work provided an outcome report with an assurance rating. Other work provided advice and support to management to improve efficiency, or the effectiveness of systems, services or functions; in these cases an outcome report or assurance rating is not provided.

4.5 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 to the Corporate Committee throughout 2016/17.

4.6 The 2016/17 internal audit plan was substantially completed by 31 March 2017 with the following exceptions:

- Work was substantially complete and a draft report issued for five reviews, however final reports were not issued by 31 March 2017;
 - Fieldwork was in progress for 1 review at 31 March 2017.
- I do not consider these exceptions to have an adverse impact on providing my overall opinion for 2016/17.

4.7 Including follow up work and resources to support work which did not result in a formal report, Mazars delivered 95.3% of the planned audit work; this meets the agreed performance indicator of a 95% completion rate.

4.8 The following table indicates the audits completed and levels of assurance provided for the 2016/17 audit plan. Five audits reports were still to be issued as final at 31 March 2017.

Table 1 – Number of reports issued by assurance level

| Assurance Level | Number of Reports Issued |
|----------------------------|--------------------------|
| Full Assurance | 0 |
| Substantial Assurance | 24 |
| Limited Assurance | 18 |
| No Assurance | 3 |
| Advisory work completed | 13 |
| Final reports to be issued | 6 |
| Total | 64 |

Assurance 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.

4.9 Key financial systems. In 2016/17, it was agreed with the Chief Operating Officer and system managers, that audits of the key financial systems at the year end did not provide the ongoing assurance throughout the year that they considered more appropriate. Previous years' audits had not highlighted any significant control weaknesses in the key financial systems and no high priority recommendations remained outstanding. Internal audit agreed to work with senior managers to develop a continuous audit approach during 2016/17 which would provide feedback on the management of key risks and controls on a more regular, quarterly basis. The key risks and test programmes have now been agreed and initial findings have been reported to managers; no significant control issues were raised. Internal audit will develop a reporting process for managers and the Corporate Committee in 2017/18 as the continuous audit process is developed and expanded.

4.10 The level of audit coverage provided in 2016/17 is satisfactory and complies with the requirements of the mandatory 2013 UK Public Sector Internal Audit Standards (PSIAS).

Internal Audit Plan 2016/17 – summary of audit recommendations and assurance ratings

| Ref. | Audit area | Assurance Level | P1 Recs. | P2 Recs. | P3 Recs. | Status |
|------|--|-----------------|----------|----------|----------|-----------|
| | Corporate Risk Audits | | | | | |
| 1 | Shared service centre – case management processes | Substantial | 0 | 5 | 0 | Final |
| 2 | Freedom of Information Act requests | Substantial | 0 | 5 | 1 | Final |
| 3 | Implementation of 'My Conversation' process | Limited | 1 | 5 | 2 | Final |
| | Corporate Plan | | | | | |
| | Priority 1 – Outstanding for all | | | | | |
| 4 | SEN Transport Services | Substantial | 0 | 1 | 0 | Final |
| 5 | 'Missing' children processes | Substantial | 0 | 3 | 1 | Final |
| 6 | Re-referrals, recording and reporting | Substantial | 0 | 2 | 0 | Final |
| 7 | Traded Services to Schools | Substantial | 0 | 3 | 3 | Final |
| 8 | Special Guardianship Orders** | Limited | 4 | 6 | 0 | Final |
| | Priority 2 – Outstanding for all | | | | | |
| 9 | Safeguarding (Deprivation of Liberty) processes | Limited | 1 | 0 | 1 | Final |
| 10 | Learning Disabilities, Physical Disabilities, Mental Health – transition processes | Limited | 0 | 9 | 0 | Final |
| 11 | Supply Chain Resilience | TBC (Draft) | | | | Draft |
| 12 | Case Reviews** | Substantial | 1 | 0 | 1 | Final |
| | Priority 3 – Clean and Safe | | | | | |
| 13 | CCTV (mobile and static) use and operation | TBC (Draft) | | | | Draft |
| 14 | Parking Services – on street income and enforcement | Substantial | 0 | 1 | 2 | Final |
| | Priority 4 – Sustainable Housing Growth and Employment | | | | | |
| 15 | Haringey Development Vehicle | N/A | | | | Advisory |
| | Corporate IT Audits | | | | | |
| 16 | Cyber security/incident response | Fieldwork | | | | Fieldwork |
| 17 | Active Directory User Security | Substantial | 0 | 3 | 8 | Final |
| 18 | 'My Account' Customer Portal | Substantial | 0 | 2 | 4 | Final |
| 19 | OHMS – application | Substantial | 1 | 2 | 3 | Final |
| 20 | Xpress – electoral registration application | Substantial | 0 | 0 | 2 | Final |
| 21 | CACI ChildView – application | Substantial | 1 | 3 | 1 | Final |
| | Contract and Procurement Audit | | | | | |
| 22 | Residential Care – adult and children's services | TBC (Draft) | | | | Draft |

| 23 | Facilities Management | Substantial | 1 | 1 | 0 | Final |
|------|--|---------------------|----------|----------|----------|------------|
| Ref. | Audit area | Assurance Level | P1 Recs. | P2 Recs. | P3 Recs. | Status |
| 24 | Highways Repairs Contract | Substantial | 0 | 4 | 0 | Final |
| 25 | Sexual Health and Substance Misuse Contracts | TBC (Draft) | | | | Draft |
| 26 | Use of waivers | Limited | 0 | 6 | 3 | Final |
| 27 | Dynamic Purchasing System** | TBC (Draft) | | | | Draft |
| | Key Financial Systems (KFS) and Corporate Finance | | | | | |
| 28 | Strategic Financial Management & Budgetary Control | N/A | | | | Continuous |
| 29 | Cash Receipting | N/A | | | | Continuous |
| 30 | Treasury Management | N/A | | | | Continuous |
| 31 | Accounting & General Ledger | N/A | | | | Continuous |
| 32 | Accounts Payable (Creditors) | N/A | | | | Continuous |
| 33 | Pension Fund Investment | N/A | | | | Continuous |
| 34 | Accounts Receivable (Sundry Debtors) | N/A | | | | Continuous |
| 35 | Housing Benefits | N/A | | | | Continuous |
| 36 | Council Tax | N/A | | | | Continuous |
| 37 | NNDR | N/A | | | | Continuous |
| 38 | Payroll | N/A | | | | Continuous |
| 39 | Teachers' Pensions contributions | Grant certification | | | | Final |
| | School Audits | | | | | |
| | Primary Schools | | | | | |
| 40 | Ferry Lane | Nil | 5 | 14 | 0 | Final |
| 41 | Lordship Lane | Limited | 0 | 8 | 1 | Final |
| 42 | North Harringay | Substantial | 0 | 5 | 2 | Final |
| 43 | Our Lady of Muswell Hill | Substantial | 0 | 7 | 0 | Final |
| 44 | Seven Sisters | Limited | 2 | 12 | 2 | Final |
| 45 | St Aidan's CE | Limited | 0 | 7 | 3 | Final |
| 46 | St John Vianney RC | Limited | 0 | 10 | 6 | Final |
| 47 | St Michael's CE (N6) | Limited | 2 | 6 | 6 | Final |
| 48 | Stamford Hill | Nil | 9 | 18 | 2 | Final |
| 49 | Stroud Green | Nil | 12 | 13 | 1 | Final |
| 50 | Tetherdown | Substantial | 0 | 6 | 1 | Final |
| 51 | West Green | Substantial | 0 | 6 | 1 | Final |
| 52 | Weston Park | Limited | 0 | 12 | 1 | Final |
| | Junior Schools | | | | | |
| 53 | Belmont Junior | Substantial | 0 | 6 | 3 | Final |
| 54 | Rokesly Junior | Limited | 0 | 4 | 8 | Final |
| | Nursery Schools | | | | | |
| 55 | Pembury | Limited | 0 | 12 | 2 | Final |
| 56 | Woodlands Park Nursery School and Children's Centre | Substantial | 0 | 5 | 1 | Final |
| | Secondary Schools | | | | | |

| | | | | | | |
|-------------|------------------------------|------------------------|-----------------|-----------------|-----------------|---------------|
| 57 | Fortismere | Substantial | 0 | 1 | 3 | Final |
| Ref. | Audit area | Assurance Level | P1 Recs. | P2 Recs. | P3 Recs. | Status |
| 58 | Highgate Wood | Limited | 1 | 13 | 2 | Final |
| 59 | Northumberland Park | Substantial | 0 | 6 | 3 | Final |
| | Special/Other Schools | | | | | |
| 60 | Riverside | Substantial | 0 | 6 | 2 | Final |
| 61 | The Vale | Limited | 1 | 8 | 1 | Final |
| 62 | The Brook on Broadwater | Limited | 1 | 6 | 3 | Final |
| 63 | Blanche Neville | Limited | 0 | 10 | 1 | Final |
| 64 | Tuition Service** | Limited | 5 | 9 | 2 | Final |

**Four reviews added to the 2016/17 plan at the request of Priority Owners

2016/17 Audits deferred and cancelled

| Audit area | Reason audit not undertaken |
|--|--|
| Recruitment and selection processes (temporary and permanent appointments) | Deferred to 2017/18 to allow new processes and systems to be embedded. To be completed in Q3. |
| Implementation of Welfare Reform and assistance processes (including DHP) | Deferred to 2017/18 to allow new processes and systems to be embedded across all services. To be completed in Q2. |
| Security of data, performance monitoring and management. | Replaced by Information Governance audit. To be completed in 2017/18 Q2. |
| Early Help assessment processes | Deferred to 2017/18 to allow new processes and systems to be embedded. To be completed in Q2. |
| Carbon reduction – performance measurement and reporting | Audit cancelled. Government scheme originally due to conclude in 2017, now extended to 2019. |
| HCL/Sunguard incident management | Audit scope included in OneSAP audit in 2015/16 plan. Report issued in Q1 2016/17. |
| ICT contract delivery (tri-borough) | Deferred to 2017/18 to allow new processes and systems to be embedded. Completion date to be agreed with Camden and Islington. |

Counter-fraud work 2016/17

1. Introduction

1.1 Haringey Council is committed to ensuring the highest possible standards are maintained by its staff, contractors and residents. Fraud and corruption can impact on the public's confidence in the Council and its reputation in the long term. Counter-fraud policies and strategies are in place to detect and prevent fraud and a corporate Fraud Team is managed by the Head of Audit and Risk Management.

2. Transparency Code 2015

2.1 In accordance with Part 2 of the Local Government Transparency Code 2015, Haringey is required to publish information on the cost of its counter-fraud work and the outcomes achieved. Details of the required information and the Fraud Team's involvement in counter-fraud work during 2016/17 is summarised below:

Table 2 Transparency Code reporting – costs and fraud cases 2016/17

| Transparency Code requirement | 2016/17 |
|--|-----------------|
| Allocated budget for counter-fraud work | £817k |
| Number of staff (absolute and FTE) undertaking counter-fraud work | 9 staff: 8.5FTE |
| Number of staff of professionally accredited counter-fraud specialists | 9 staff |
| Total amount of time spent on the investigation and prosecution of fraud | 1,785 days |
| Total number of fraud cases investigated | 751 |
| Number of occasions powers under the Prevention of Social Housing Fraud Regulations have been used | 48 |

2.2 The Transparency Code also requires a breakdown of the 751 fraud cases (identified in Table 2) investigated during 2016/17. This detail is summarised in Table 3 below:

Table 3 Transparency Code reporting – investigations completed by type

| Investigation area | Number of investigations |
|-----------------------------|--------------------------|
| Right to Buy applications | 210 |
| Tenancy fraud | 171 |
| Pro-active tenancy checks | 184 |
| Gas Safety tenancy checks | 108 |
| Employee fraud cases | 16 |
| No Recourse to Public Funds | 62 |
| Total | 751 |

3. Internal Employee Investigations

- 3.1** During 2016/17, 16 investigations were completed involving council employees. The allegations covered a number of issues including theft, misuse of position, misuse of council resources and bribery offences; the number of investigations completed by service area is shown below. The number of investigations in total is consistent with previous years' work.
- 3.2** In eleven cases, the investigation found evidence to support the allegations and reports were issued which identified the relevant breach of the Council's Code of Conduct and recommended disciplinary action be taken in accordance with Council procedures. In two cases, service management completed the disciplinary processes and in nine cases the Fraud Team were required to support the disciplinary process. All nine cases were proven, with six employees resigning prior to the disciplinary hearing; two cases were heard and final written warnings issued; and one case was heard and the employee was dismissed – their subsequent appeal was not upheld and the dismissal confirmed.
- 3.3** 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. The Fraud Team have a target to complete investigations within eight weeks of the referral; this was achieved during 2016/17.

Table 4 – Employee Investigations by service area

| Service area | Investigations 2016/17 |
|-------------------------|-----------------------------------|
| Deputy Chief Executive | 3 |
| Chief Operating Officer | 12 |
| Corporate Governance | 1 |
| Total | 16 |

4. Use of the Council's Whistleblowing policy 2016/17

- 4.1** The Head of Audit and Risk Management maintains the central record of referrals made using the Council's whistleblowing policy. In total, 16 whistleblowing referrals were made during 2016/17, 9 of which were anonymous.
- 4.2** All referrals made using the whistleblowing policy 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. In some cases, the limited amount of information provided means a full investigation cannot be undertaken. The Head of Audit and Risk Management undertakes an initial review of the information before agreeing an approach with HR and service management. Any allegations relating to financial issues are investigated by the Fraud Team.
- 4.3** In 2016/17, two cases were referred to service management to be dealt with as they did not relate to financial issues; two cases related to previous whistleblowing referrals made in 2015/16 which had been closed due to lack of evidence, no further information was provided and the cases were closed; ten

cases were investigated by the Fraud Team, eight cases were closed either due to lack of information or evidence and two cases were subject to further action; two cases remained ongoing at the year end.

4.4 Regular reminders regarding expected standards of behaviour and how to report suspected fraud are provided via staff newsletters, the Council's intranet and website and via Haringey People and Home Zone publications.

5. Pro-active and Reactive Counter Fraud Activity 2016/17

5.1 During 2016/17, the Fraud Team have undertaken a number of pro-active and reactive counter-fraud projects in areas which have been identified as a high fraud risk. Progress reports on this work have been reported to the Corporate Committee during the year; the findings and outcomes are all shared with service managers as the projects are delivered. Details of the key counter-fraud projects are detailed below.

5.2 Tenancy Fraud

5.2.1 In 2016/17, the Fraud Team continued to work with Homes for Haringey to prevent and detect tenancy fraud. Numbers of referrals received, investigations completed and properties recovered to date by the Fraud Team are summarised below.

Table 5 – tenancy fraud referrals, investigations and properties recovered

2016/17 – Referrals received

| | |
|---|------------|
| Brought forward from 2015/16 | 88 |
| Referrals received in 2016/17 | 17 |
| Total referrals received for investigation | 264 |

2016/17 Outcomes

| | | |
|-------------------------------|-----------|------------|
| Properties Recovered | 48 | |
| No Fraud identified | 123 | |
| Total cases concluded | | 171 |
| Ongoing Investigations | | 93* |

*See Note 1 below

Note 1: Of the 93 ongoing investigations; 30 of these cases (32%) are where tenancy fraud has been identified and court proceedings were in progress as at 31 March 2017. The property will be included in the 'recovered' data when the keys are returned and the property vacated.

5.3 Other tenancy fraud investigations.

5.3.1 In 2016/17 the Fraud Team investigations have recovered three Temporary Accommodation (TA) properties which were not being used by the assigned tenant; and have prevented three fraudulent housing applications from being accepted by working with Homes for Haringey teams.

5.4 Gas safety – execution of warrant visits

5.4.1 Since July 2016, members of the Fraud Team accompany warrant officers on all executions of warrant of entry visits where it was suspected that the named tenant was not in occupation.

5.4.2 The Fraud Team will interview any occupant at the property in order to establish the legitimacy of the tenancy; or investigate further if the property is empty or identified as being potentially sublet or abandoned. The Fraud Team may also identify cases where the tenant is a vulnerable adult, in which case a referral is made to social workers and/or tenancy management. The Gas Safety Team can also make referrals to the Fraud Team if they identify any potential fraud indicators through the normal course of their work.

5.4.3 Since July 2016, ten properties have been recovered through this project. These properties are included in Table 5 above within the total of 48 Council properties recovered in 2016/17. In addition, there have been eighteen cases of concern referred to social workers and tenancy management officers for a review of the vulnerability of a tenant.

5.5 Tenancy Block Visits

5.5.1 The Fraud Team undertook a pro-active tenancy fraud project focused on individual tenancy blocks to identify any properties that may be sub-let. The Fraud Team obtained a report on key housing stock sites which used data matching to identify potential sub-let properties and identified Stellar House and Northolt for further investigation.

5.5.2 In July 2016, the Fraud Team carried out visits to all 93 tenanted addresses in Stellar House. The Fraud Team identified six tenancies where access was not given, or obtained. All six tenants have been served with an NTQ by HfH's tenancy management team; one property is being recovered and a further two have been passed to the Council's Legal Services for recovery proceedings to commence.

5.5.3 In February 2017, the Fraud Team carried out visits to 91 tenanted addresses in Northolt. Further follow up visits were undertaken and the Fraud Team identified six tenancies where access was not given, or obtained. All six tenants in Northolt have been served with an NTQ by HfH's tenancy management team and the Fraud Team will monitor the cases through any legal proceedings.

5.6 No Recourse to Public Funds (NRPF)

5.6.1 The Fraud Team attend the initial assessment interview with the applicant to review all information provided to support their application for NRPF funding. This is to prevent any NRPF claimant who is not eligible from obtaining funds fraudulently. In 2016/17, the Fraud Team attended the initial interview for 62 new applications and investigated four referrals from social workers where support had previously been approved.

5.6.2 As a result, ten applications have either been refused support from the outset, or accommodation/subsistence support withdrawn in ten cases. There is also one instance of a Judicial Review (JR) being withdrawn. The average cost of

NRPF support per family based on accommodation and subsistence for a two child household is estimated to cost the Council approximately £20,000 a year. The Fraud Team will continue to work with the NRPF Team in 2017/18 to develop processes to identify and prevent fraud.

5.7 Right-to-buy (RTB) fraud.

- 5.7.1 Although the number of applicants under the Right to Buy scheme reduced overall in 2016/17, the Fraud Team still had over 300 ongoing applications under investigation. The team reviews every RTB application to ensure that any property where potential benefit or succession fraud is indicated can be investigated further.
- 5.7.2 In 2016/17, 100 applications have been withdrawn or refused either following the applicants' interview with the Fraud Team, further investigations and/or failing to complete money laundering processes.

6. Counter-fraud – value of outcomes achieved in 2016/17

- 6.1 In 2016/17, the target for counter-fraud work was to contribute a minimum of £10m worth of savings, or avoided expenditure, to assist the Council in improving its frontline services. The total cost of the counter-fraud team in 2016/17 was £817k.
- 6.2 The Cabinet Office (previously the Audit Commission) valued the recovery of a tenancy, which has previously been fraudulently occupied, at an annual value of £18,000, relating to average Temporary Accommodation (TA) costs. No new national performance indicators for tenancy fraud have been produced; therefore the £18,000 figure is still used, although this is considered low if the tenancy has been illegally sublet for several years.

Table 6 – value of outcomes achieved as a result of counter-fraud work

| Counter-fraud Activity | Number | Unit value £000s | Total £000s |
|----------------------------------|--------|---------------------|----------------|
| Council Tenancies recovered | 48 | 18* | 864 |
| Right to Buy investigations | 100 | 104** | 10,400 |
| Temporary Accommodation recovery | 3 | 18* | 54 |
| NRPF | 10 | 20 | 200 |
| Total | | | 11,518 |

* Cabinet Office estimated value of average Temporary Accommodation costs per annum

** RTB Actual discount value

Report for: Corporate Committee – 25 July 2017

Item number: 8

Title: Annual Governance Statement 2016/17

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: N/A

**Report for Key/
Non Key Decision:** Non-key decision

1. Describe the issue under consideration

1.1 To inform the Corporate Committee of the statutory requirements to produce an Annual Governance Statement (AGS) and provide a draft statement relating to the 2016/17 financial year for review and approval.

2. Cabinet Member Introduction

2.1 Not applicable.

3. Recommendations

3.1 The Corporate Committee review and approve the draft 2016/17 AGS.

3.2 That the Corporate Committee notes the approval timescale and processes for the draft 2016/17 AGS.

4. Reasons for decision

4.1 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.

5. Alternative options considered

5.1 Not applicable.

6. Background information

6.1 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.

- 6.2 The preparation of an AGS is a statutory requirement of the Accounts and Audit Regulations 2015. These regulations require local authorities to produce an annual statement, in accordance with 'proper practice'.
- 6.3 In order to comply with the statutory reporting deadlines, the AGS for 2016/17 has to be approved by 31 July 2017. 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.
- 6.4 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.
- 6.5 The AGS has been produced in line with the revised guidance issued in 2016 by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) in their report 'Delivering Good Governance in Local Government: Framework'. The guidance applies to governance statements produced from 2016/17 onwards.
- 6.6 The 2016 guidance covers broadly the same areas as the previous 2012 guidance by CIPFA and SOLACE, but now includes a new section: 'Implementing good practice in transparency, reporting and audit to deliver effective accountability'. This has been incorporated into the draft AGS as section G.
- 6.7 The revised guidance is recommended to be used as 'best practice' for developing and maintaining a locally adopted code of governance. The Council's existing and published Local Code of Corporate Governance will be revised to incorporate the updated guidance and submitted to the Corporate Committee for approval at a subsequent meeting in 2017/18.
- 6.8 It is acknowledged that the draft AGS is presented for review prior to the statutory external audit of the accounts. 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 2017.

7. Contribution to strategic outcomes

- 7.1 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. Ensuring the adequacy and effectiveness of the Council's governance arrangements, which cover all Priority areas, will assist in improving services to residents and other stakeholders.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

- 8.1 Finance and Procurement

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.

Internal audit undertake reviews to confirm the evidence and assurance statement submitted by Priority Owners. Additionally, the Head of Audit and Risk Management 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.

The Chief Finance Officer confirms that the presentation of the attached draft AGS for approval by this Committee meets the Council's statutory requirement under the 2015 Accounts and Audit Regulations.

8.2 Legal

The Assistant Director of Corporate Governance has been consulted in the preparation of this report, and in noting that the AGS has been produced in accordance with current and best practice guidelines, has no comments.

8.3 Equality

There are no direct equality implications for the Council's existing policies, priorities and strategies as a result of this report. 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.

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.

9. Use of Appendices

Appendix A – Draft Annual Governance Statement 2016/17

10. Local Government (Access to Information) Act 1985

Not applicable

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Annual Governance Statement 2016/17

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 the Council's commitments as part of the Local Code of Corporate Governance, together with how it gets assurance that these commitments are in place and effective; it also meets the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015, 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. The framework also comprises the activities through which it accounts to, engages with and leads the community. Through the framework the authority is able to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.
- 2.2 The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives, but 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. The system of controls also allows for the evaluation of the likelihood of risks being realised and the impact should they be realised, ensuring that we are able to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Haringey for the year ended 31st March 2017 and up to the date of the approval of the annual report and accounts.

| Documentation demonstrating compliance with the governance principles | Identified gaps in compliance, or further action required |
|---|---|
| A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law | |
| <p><u>Behaving with Integrity</u></p> <p>a) The Council’s Member Code of Conduct (July 2014) requires members to declare interests; applies to Members and co-opted voting members on election or appointment. Published on the internet: http://www.haringey.gov.uk/sites/haringeygovuk/files/lbh_constitution_part_5_section_a_-_part_1_0.pdf</p> <p>b) Induction is provided for all new Members when they are elected on expected standards of behaviour.</p> <p>c) Officer Code of Conduct (February 2012). Published on the internal website. Code requires officers to declare all potential conflicts of interests and is provided to all new employees. Regular reminders are issued via internal staff newsletters on expected standards of behaviour.</p> <p>d) Haringey Values updated in 2015 (Human, Ambitious, Accountable, and Professional). Published on the internal website and internet: http://www.haringey.gov.uk/local-democracy/our-standards</p> <p>e) Decision making practices for member decisions follow legal and transparency requirements. Officer decisions are also recorded and published on Modern.gov: http://www.minutes.haringey.gov.uk/mqDelegatedDecisions.aspx?DS=2&bcr=1</p> <p>f) Register of interests and gifts and hospitality for members/co-optees checked on election/appointment. Minutes show declarations of interest sought and appropriate declarations made for each meeting. http://www.haringey.gov.uk/local-democracy/our-standards/register-members-interests</p> | |

| Documentation demonstrating compliance with the governance principles | Identified gaps in compliance, or further action required |
|---|---|
| <p>g) Requirement for all new staff to complete Register of Interests declaration. Senior managers are required to complete a new form every two years; staff should complete a new form as/when circumstances change. Gifts and hospitality for members are recorded with their declarations of interests and are published on the website: http://www.haringey.gov.uk/local-democracy/our-standards/register-members-interests For officers, declaration forms are retained in Human Resources.</p> <p>h) Standard report format requires report authors to state how their proposal meets the corporate objectives and priorities. Report authors must also provide reasoning and evidence for proposals, so that the basis for decisions is clear and include statutory officer's advice, including legal and finance advice. Training for report authors on writing clear, logical and objective reports was provided for officers in 2016/17 and standard templates are held on the internal website.</p> <p>i) Anti-fraud and corruption policies are in place, including the Whistle blowing policy (July 2015). The Head of Audit and Risk Management reports on actions, effectiveness and outcomes (and use of the whistle blowing policy) to Corporate Committee and provides awareness presentations to Corporate Management Group. Copies of the policies are on the internet: http://www.haringey.gov.uk/sites/haringeygovuk/files/anti-fraud_and_corruption_policy_july_2015_-_appendix_2_whistleblowing_policy.pdf http://www.haringey.gov.uk/sites/haringeygovuk/files/anti-fraud_and_corruption_policy_july_2015.pdf</p> <p>k) Corporate and service specific complaints policies are in place and published on the website. Level of complaints upheld at Stage 1 and 2 is monitored and reported regularly to the Council's Statutory Officers Group (latest report 18/10/16). Following the transfer of Feedback and Information Governance (FIG) Team to the Shared Service Centre (SSC) there has been an overhaul of reporting with an emphasis on learning from complaints. More information is being published and made easily accessible to customers – as part of this we are also conducting a review of the</p> | |

| Documentation demonstrating compliance with the governance principles | Identified gaps in compliance, or further action required |
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| <p>Publication Scheme. Training sessions have been developed looking at examples of best practice in responses and getting it right first time. http://www.haringey.gov.uk/contact/council-feedback/complaints-about-council</p> <p>l) Local Code of Corporate Governance (2013) in place and is published on the website: http://www.haringey.gov.uk/local-democracy/our-standards</p> <p><u>Demonstrating strong commitment to ethical values</u></p> <p>m) The Standards Committee, along with the Council's Monitoring Officer, establishes monitors and maintains the organisation's ethical standards and performance, reporting to full Council as necessary. The committee deals with allegations of breaches of the Member Code and issue (or require Groups to issue) reminders/advice notes to Members where issues of conduct cause concern. http://www.haringey.gov.uk/local-democracy/our-standards/standards-committee</p> <p>n) The Council is incorporating the Social Value Act requirements into all procurement and contracts; including a standard clause referring to 'PREVENT' in all contracts, as well as safeguarding and health and safety. The Council has various human resources policies and procedures in place; a process to review these was agreed by Staffing and Remuneration Committee in 2016/17: http://www.minutes.haringey.gov.uk/documents/s85741/SR_HR-Policy-Clustering%20JMcG.pdf</p> <p>o) The Council encourages external providers of services to act with integrity and in compliance with high ethical standards expected by the organisation in information sharing; http://www.haringey.gov.uk/community/community-safety-and-engagement/crime-and-disorder-information-sharing-protocol http://www.haringey.gov.uk/sites/haringeygovuk/files/safeguarding-adults-multi-agency-isp-2013.pdf In procurement:</p> | <p>l) Local Code of Corporate Governance to be updated in 2017 to incorporate the best practice requirements in the 2016 'Delivering Good Governance' CIPFA/SOLACE publication.</p> |

| Documentation demonstrating compliance with the governance principles | Identified gaps in compliance, or further action required |
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| <p>http://www.haringey.gov.uk/business/selling-council/council-contracts</p> <p><u>Respecting the rule of law</u></p> <p>p) Statutory officers are appointed by full Council. Their discipline/dismissals are dealt with in line with legal requirements that take account of the need to fulfil their responsibilities in accordance with legislative and regulatory requirements.</p> <p>q) The Council optimises the powers available for the benefit of citizens, communities and other stakeholders. Decisions are taken, in accordance with relevant statutory requirements and the Council Constitution, by full Council, Cabinet, individual Cabinet members and officers under delegated powers. The Council Constitution is reviewed and updated regularly and published on the internet: http://www.haringey.gov.uk/local-democracy/about-council/council-constitution</p> <p>r) Breaches of law/financial regulations can be the subject of a report to full Council by the relevant statutory officer. No statutory officer reports have been required in 2016/17.</p> <p>s) Statutory officers are available at meetings of the Council/Cabinet to advise and ensure law and regulations are not breached.</p> | |
| B. Ensuring openness and comprehensive stakeholder engagement | |
| <p><u>Openness/ Implementing good practice in transparency</u></p> <p>a) The Council Publication Scheme sets out information available to view or download including under the requirements of the Transparency Code 2015. http://www.haringey.gov.uk/local-democracy/publications/publication-scheme</p> <p>b) Member decisions are rarely taken in the private (Part 2) section of meetings. One decision has been taken in Part 2 in 2016/17, with five reports relating to</p> | <p>a) The Council is preparing for the implementation of the EU's General Data Protection Regulation (GDPR) in May 2018; processes to prepare for GDPR will incorporate other key information governance requirements including</p> |

| Documentation demonstrating compliance with the governance principles | Identified gaps in compliance, or further action required |
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| <p>procurement having part 2 appendices covering the commercially confidential information. Member delegated decisions are also taken at meetings advertised and open to the public. The constitution allows for deputations and petitions and a call in procedure for cabinet key decisions is in place. The local and statutory requirements are set out in the Council Constitution: http://www.haringey.gov.uk/local-democracy/about-council/council-constitution</p> <p>c) The Council carries out consultation on a regular basis with stakeholders. It has a consultation co-ordinator and a consultation charter and toolkit on its internal website. All consultations require a consultation plan which is posted on the consultation e-plan on the internet. http://www.haringey.gov.uk/local-democracy/have-your-say-haringey. http://www.haringey.gov.uk/local-democracy/have-your-say-haringey/our-commitments-you http://www.haringey.gov.uk/local-democracy/policies-and-strategies/corporate-plan-2015-18/your-haringey-your-future</p> <p>The Council publishes 'Performance Wheels' on Corporate Plan objectives and outcomes on the website; feedback on our performance is encouraged through this route: http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance</p> <p><u>Engaging comprehensively with institutional stakeholders</u></p> <p>d) A new Partnership with the community sector was approved in December 2015 designed to forge stronger relationships with the local voluntary sector, working with the Moracle Foundation to improve the strength of the voluntary sector, enabling it to attract more funding and investment to support local communities. Co-production is being widely used across the Council's Corporate Plan Priority 2 to redesign services and deliver outcomes; the processes encompass full engagement with stakeholders and service users.</p> <p>e) Formal and informal partnerships allow for resources to be used more efficiently and outcomes achieved more effectively; the Corporate Plan incorporates key</p> | <p>Freedom of Information/Environmental Information Regulations; Transparency Code; and data sharing requirements.</p> <p>c) Establish a database of all consultation responses which is accessible on the Council's website.</p> |

| Documentation demonstrating compliance with the governance principles | Identified gaps in compliance, or further action required |
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| <p>partnership working across all its priorities, including the Local Safeguarding Children’s Board (LSCB), Safeguarding Adults Board (SAB), Multi-Agency Risk Assessment Conference (MARAC) and the Community Safety Partnership (CSP). Agendas and minutes for the CSP are published on the website: http://www.minutes.haringey.gov.uk/ieListMeetings.aspx?CId=444&Year=0 Examples where the Council participates in partnership include the Joint Health & Wellbeing Partnership with Islington; the shared information technology service with Camden and Islington; delivering the STEM commission recommendations; working with our schools to improve outcomes for children.</p> <p>f) Resident engagement also occurs in formal consultation and engagement processes; examples include between October and December 2016 on service priorities which was reported to Cabinet: http://www.minutes.haringey.gov.uk/documents/s91191/Cab%20February%202017%20-%20MTFS%20and%20budget%20report%20-%20FINAL%20VERSION_18.48.pdf</p> <p>g) The Council also uses social and print media to engage with residents and stakeholders, including the Council website, My Account, Twitter, Facebook, Haringey People and the weekly Haringey People online. The Council also has specific partnerships and stakeholder newsletters including Team Noel Park; and Northumberland Park to engage with residents.</p> | |
| <p>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits; and D. Determining the actions necessary to optimise the achievement of the intended outcomes</p> | |
| <p><u>Defining actions/outcomes and sustainable economic, social and environmental</u></p> | |

| Documentation demonstrating compliance with the governance principles | Identified gaps in compliance, or further action required |
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| <p><u>benefits</u></p> <p>a) The Corporate Plan sets out how the Council might work with partners and with communities to improve the borough and make Haringey a more successful place, while delivering around £70million savings by 2018. The plan has five core priority areas, each under-pinned by a series of ambitious targets. It considers and balances the economic, social and environmental impact of policies, plans and decisions. The Plan includes a challenging set of performance measures. Programme planning and management require focus on outcomes and benefits identification and tracking as part of project implementation. There is a clear and consistent approach to the reporting of outcomes, benefits, risks and issues across Priority Boards. The Plan is published on the website: http://www.haringey.gov.uk/local-democracy/policies-and-strategies/corporate-plan-2015-18</p> <p>b) The Council publishes updates on its website to show how the Council and partners are achieving against specific targets every three months. The outcome targets specify the intended impact on service users, residents and other stakeholders.</p> <p>c) The Council has an agreed Medium Term Financial Strategy (MTFS) and Workforce Plan. Agreed at the same time as the Corporate Plan, these set out how the Council will deliver the corporate plan taking into account the full cost of operations and within available resources, balancing service priorities, and ensure its workforce has the right skills to enable it to achieve the agreed outcomes. Quarterly reports are provided to the Cabinet: http://www.minutes.haringey.gov.uk/mgAi.aspx?ID=40179#mgDocuments</p> <p>d) Robust planning and control cycles cover strategic and operational plans, priorities and targets. A new internal governance process was implemented in 2016/17 to provide regular monitoring and scrutiny of the achievement of the corporate plan and resources applied. For each priority, three new governance Boards were introduced: Finance Sub-groups and Operational Boards attended by senior officers and Strategic Boards attended by the relevant Cabinet Members. Performance against</p> | <p>c) The Council reported an £18m overspend in 2016/17.</p> |

| Documentation demonstrating compliance with the governance principles | Identified gaps in compliance, or further action required |
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| <p>objectives is published on the website: http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance</p> <p>e) A new 10-year capital strategy was approved by Full Council in July 2016, which sets out the Council's longer term investment requirements linked to priority objectives: http://www.minutes.haringey.gov.uk/documents/s86587/Report%20from%20Cabinet%20to%20Council%20-%20Capital%20Strategy.pdf</p> <p><u>Determining actions and optimising achievement of intended outcomes</u></p> <p>f) The Council includes requirements to enhance social value in contracts. For example, construction projects over £1m in value must include an apprenticeship scheme, and where possible, employers are encouraged to pay the London Living Wage. High value procurements include a significant weighting in the 'social value' section and, where applicable, requirements as to the use of community assets.</p> | |
| <p>E. Developing the entity's capacity, including the capability of its leadership and the individuals within it</p> | |
| <p><u>Developing the entity's capacity</u></p> <p>a) The Council's workforce plan runs from 2015-2018 and aims to ensure the Council has the right people in the right places with the appropriate skill to deliver the Council's priorities. The plan is published on the website: http://www.haringey.gov.uk/local-democracy/policies-and-strategies/corporate-plan-2015-18 Workforce expectations also form a clear part of contracting and commissioning processes, as our workforce is not limited to employed staff, including complying with minimum and London Living Wage requirements.</p> <p><u>Developing the capability of the entity's leadership and other individuals</u></p> | |

| Documentation demonstrating compliance with the governance principles | Identified gaps in compliance, or further action required |
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| <p>b) The Council Constitution specifies the types of decisions that are delegated and those reserved for the collective decision making of the full Council or Cabinet. http://www.haringey.gov.uk/local-democracy/about-council/council-constitution</p> <p>c) The Council's Constitution sets out the leader and chief executive roles to ensure the respective responsibilities are defined in accordance with decision making accountabilities. These comply with relevant statutory requirements. It also includes the general scheme of delegation. Each service area also has a service area scheme of authorisation for officers, currently published on the intranet.</p> <p>d) Members who sit on the Corporate and Regulatory Committees are provided with training specific to their responsibilities for these committees. Training sessions during 2016/17 included planning, licensing, audit, finance, pensions and treasury.</p> <p>e) The Council provides a programme of training for all members, and members have access to the Council's corporate training and development programme, which is published on the internal website.</p> <p>f) During 2016/17 the Council rolled out 'My Conversation', a new performance management process, to all staff which focuses on personal and organisational development and performance; the Staffing and Remuneration Committee receives regular reports on people management issues in line with the Workforce Plan objectives. Guidance and templates for all staff are published on the internal website.</p> <p>g) The Council's Workforce Health and Wellbeing Strategy 2015-18 focuses on ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing. The Council's corporate Health, Safety and Wellbeing Board monitors all key aspects of statutory and local requirements and has an action plan in place to address any identified gaps in compliance. Health and Wellbeing Fairs have been</p> | |

| Documentation demonstrating compliance with the governance principles | Identified gaps in compliance, or further action required |
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| <p>run to promote employee health.</p> <p>h) The Council has protocols in place which govern how the operational and working relationships between officers and members are managed and forms part of the Constitution: http://www.haringey.gov.uk/local-democracy/about-council/council-constitution</p> <p>i) The Council reviews operations, performance and use of assets on a regular basis to ensure their continuing effectiveness; the Corporate Plan highlights key performance objectives, targets and outcomes which are monitored and reported via the Council website. The performance reporting also compares current performance with statistical neighbours, London and England averages in most cases: http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance</p> | |
| <p>F. Managing risks and performance through robust internal control and strong public financial management; and G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p> | |
| <p><u>Managing risk</u></p> <p>a) Haringey has a corporate Risk Management Policy and Strategy which is published on the internal website and reviewed on a regular basis. 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.</p> <p>b) The Council's key risks are managed via corporate risk and Priority Boards risk registers; each is regularly reviewed via strategic and operational board meetings. Responsibility for individual risks and issues identified is clearly set out in risk registers. Internal audit reviews of key risks are undertaken as part of the annual audit programme. Performance objectives and outcomes are reported on the website: http://www.haringey.gov.uk/local-democracy/performance-and-</p> | <p>a) Corporate Risk Management Policy and Strategy to be updated in 2017 to reflect new structures and governance requirements</p> |

| Documentation demonstrating compliance with the governance principles | Identified gaps in compliance, or further action required |
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| <p>finance/council-performance</p> <p>c) 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 year. Service continuity plans are incorporated into the Council-wide Business Continuity Plan. No significant business continuity issues were reported during the year.</p> <p><u>Managing performance</u></p> <p>d) The Council monitors service delivery effectively including planning, specification, execution and independent post implementation review which is set out in the Corporate Plan and outcome objectives: http://www.haringey.gov.uk/local-democracy/policies-and-strategies/corporate-plan-2015-18</p> <p>e) Overview and Scrutiny takes a detailed look at the Council’s decisions and policies and 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. Overview and Scrutiny Committee also reviews the Performance Wheels on a quarterly basis and individual Scrutiny Panels consider performance with reference to their reviews. The reports and recommendations are discussed and responded to by the Cabinet and published on the Council’s website: http://www.minutes.haringey.gov.uk/ieListMeetings.aspx?CId=128&Year=0</p> <p><u>Strong public financial management and robust internal control</u></p> <p>f) The Medium Term Financial Strategy (MTFS) outlines the overall financial strategy</p> | |

| Documentation demonstrating compliance with the governance principles | Identified gaps in compliance, or further action required |
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| <p>for achieving the Council's priorities. The MTFS requires £70m of savings to deliver a balanced budget position each year between 2015 and 2018. The savings proposals were consulted on with residents, before being approved by Full Council in February 2015. Each Priority Board considers finance and budgets at every meeting, looking at both the budget and savings positions and tracking progress on both. Transformation and delivery of outcomes are strongly aligned to achieving savings and remaining within budget limits; the performance outcomes are reported on the website.</p> <p>g) 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. Managers submit monthly budget forecasts and the Cabinet receives quarterly budget management information. The implementation of the new fortnightly Finance Sub-groups in 2016/17 allowed for greater senior officer scrutiny of the budget forecasts at an early stage. This led to a focus on key risk areas and the implementation of a number of effective management plans to manage demand pressures. Corporate spend controls were also implemented as a result and this led to the projected overspend reducing from £28m at the end of the first quarter to £18m by quarter 3: http://www.minutes.haringey.gov.uk/documents/s91203/Period%209%20Financial%20Report%20to%20Cabinet%20-%20Final%20-%20010217%20version.pdf</p> <p>h) The Council operates a 'zero tolerance' approach to fraud and corruption. The anti-fraud and corruption policy includes a fraud response plan, anti-bribery and money laundering policies and a whistle-blowing policy. 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 2016/17, the Council investigated and recovered 48 illegally sublet properties; and prevented 100 potentially fraudulent Right to Buy applications in line with the anti-fraud policy. Referrals made using the whistle blowing policy were all reviewed, investigated and reported to the Corporate Committee, copies of the reports are on the website: http://www.minutes.haringey.gov.uk/documents/s90792/Counter%20Fraud%20updat</p> | |

| Documentation demonstrating compliance with the governance principles | Identified gaps in compliance, or further action required |
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| <p>e%20report%20Qtr%203%202016-17%20final%202.pdf</p> <p>i) The Council's internal and external auditors produce annual audit reports and the Annual Audit Letter, which were both reported to the Corporate Committee. External audit reported that the council had provided a good set of financial statements and working papers for 2015/16. No significant governance issues were raised by either report; recommendations were made to address some identified control weaknesses.</p> <p>j) Regular internal and external audit reviews check compliance with financial and contract procedure rules across the Council and the outcomes of these are reported to the Corporate Committee on a quarterly basis. All high priority recommendations, excluding those covering schools audits, made by internal audit were found to be implemented when follow up audits were undertaken. The Corporate Committee fulfilled its terms of reference in relation to audit functions; and reported positive outcomes in relation to pro-active counter-fraud activities in 2016/17.</p> <p>k) The Council's internal control arrangements are subject to annual self assessment by the Head of Audit and Risk Management; any gaps in compliance with mandatory standards are included in the statutory annual Head of Audit report.</p> | <p>i) Ensure all external audit recommendations are followed up and implemented</p> <p>d</p> |
| <p><u>Managing data</u></p> <p>l) The Council has policies dealing with various aspects of data management including security and data protection; Freedom of Information Act; information asset registers; and general records management. These and supporting guidance are all published on the intranet. Data quality policy is published on the website: http://www.haringey.gov.uk/sites/haringeygovuk/files/data_quality_policy_2013.pdf</p> <p>m) The Statutory Officers Group in August 2016 agreed a new protocol for the development of and accountability for data sharing protocols with partners.</p> | |

| Documentation demonstrating compliance with the governance principles | Identified gaps in compliance, or further action required |
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| <p><u>Implementing good practices in reporting</u></p> <p>n) The Council produces an annual report to accompany its statement of accounts; for 2015/16 this received an unqualified opinion from the external auditor in 2016/17, who confirmed that the accounts provided a true and fair view of the Council's financial position; and the arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively. Under the Local Accountability Act, the Council is responsible for appointing its external auditors from 2018/19; approval for the preferred appointment process was obtained from Corporate Committee in November 2016 and Full Council in February 2017: http://www.minutes.haringey.gov.uk/documents/s91371/CC_to%20Council%202017%2002%2027%20External%20Audit%20appointment.pdf</p> <p>o) The Council's Annual Governance Statement (AGS) is produced in accordance with required guidance and included in the statement of accounts; the AGS is reviewed by the Statutory Officers Group and Corporate Committee to ensure that any gaps in assurance or compliance issues are identified and addressed. Significant issues reported in 2015/16 are being addressed.</p> <p>p) As part of the Corporate Plan delivery arrangements, five Priority Boards are responsible for delivering the Corporate Plan with a responsible manager allocated as owner for each corporate priority. Outcomes and performance against all the priorities' objectives are published on the website: http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance</p> <p><u>Assurance and effective accountability</u></p> <p>q) Internal and external audit provide assurance on the Council's system of internal control to support the section 151 officer requirements, including reporting compliance with financial and contract procedure rules across the Council. The outcomes of audits are reported to the Corporate Committee on a quarterly basis. All outstanding recommendations are reported to Corporate Committee; a focus is</p> | |

| Documentation demonstrating compliance with the governance principles | Identified gaps in compliance, or further action required |
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| <p>maintained on ensuring all high priority recommendations are implemented. None remained outstanding in 2016/17.</p> <p>r) The Head of Audit and Risk Management and the internal audit service fully complied with the requirements of the mandatory UK Public Sector Internal Audit Standards, as evidenced by peer review and self assessment. Access to officers, members and information is guaranteed by the Constitution.</p> | |

4. Significant governance issues

4.1 The Council identified some key areas where work would be undertaken in 2016/17 to ensure governance arrangements were in place and effective. An action plan was drawn up and progress on this is set out below.

| Issue | Agreed Action/ Deadline | Progress update |
|---|---|--|
| Significant budget overspends within Children’s and Adult Social Services and the Housing (Temporary Accommodation) budget. | Ensure the demand-led budgets within Children’s and Adult Social Services and Temporary Accommodation are managed effectively in 2016/17 to reduce the identified overspends. Deadline: March 2017 | Actions in progress: Issue included again for 2016/17 governance statement. |
| Implement new processes agreed in the Council’s Workforce Plan to develop and manage staff effectively. | Performance management framework for employees to be implemented across all service areas in 2016/17; the outcomes reported to senior managers to assist in improving the Council’s training and development plans. Deadline: March 2017 | Complete. |
| Changes to the Council’s governance structures were made to assist the delivery of the Corporate Plan. | Implement the new governance structures to assist the delivery of the outcomes in the Corporate Plan. Revise the Council’s Local Code of Corporate Governance to reflect the changes in the corporate structures. Deadline: March 2017 | In progress: Priority Boards’ governance structures in place; Local Code of Corporate Governance to be agreed in 2017/18. |

4.2 The Council has identified the following significant governance issues during 2016/17. 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 |
|---|--|--|------------|
| Delivery of the MTFS savings targets – significant budget overspends in 2016/17. | Ensure the demand-led budgets within Children’s and Adult Social Services and Temporary Accommodation are managed effectively in 2017/18 to deliver a balanced budget. Where MTFS savings targets cannot be met, the services will need to identify alternative savings plans to deliver a balanced budget. Regular reports on progress will be made to Cabinet. | Director of Children’s Services; Director of Adult Services; Section 151 Officer | March 2018 |
| Recommendations were made by external audit to address some identified control weaknesses. | An action plan is in place to address the recommendations. Reports on progress will be made to Corporate Committee during 2017/18. | Section 151 Officer | March 2018 |
| Schools performance; significant deterioration in audit assurance outcomes and financial balances. | The Council’s Senior Leadership Team, in conjunction with the Schools Forum, is developing an action plan to address financial and control weaknesses. Audit follow ups and action plans will be reported to the Schools Forum and Corporate Committee. | Director of Children’s Services; Section 151 Officer | March 2018 |
| Preparing for the new EU General Data Protection Regulations in 2018. | An action plan is in place, which includes other key information governance requirements including Freedom of Information/Environmental Information Regulations; Transparency Code; and data sharing requirements. | Chief Operating Officer | March 2018 |
| Updating the Local Code of Corporate Governance to reflect the new CIPFA/SOLACE guidance. | Revise the Council’s Local Code of Corporate Governance: ensure that it reflects the new Priority Boards’ governance structures and the 2016 guidance. | Assistant Director of Corporate Governance | March 2018 |
| The Council’s Accounts Payable Manager identified that corporate payment control processes had broken down within Parks and Leisure Services. | A reconciliation of expenditure was undertaken to ensure that payments to authorised suppliers in Parks and Leisure Services had been made in accordance with agreed processes. New corporate processes were implemented in 2016/17; Internal Audit will review the new control processes to confirm they are operating effectively in 2017/18. | Assistant Director for Commercial and Operations | March 2018 |

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 Chief Operating Officer who holds the Council's statutory section 151 Officer role; 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 2016/17. Their comments on the key governance issues are as follows:
- Chief Operating Officer: There were significant overspends in three areas in both 2015/16 and 2016/17: Children's Services, Adult Social Services and Temporary Accommodation. Directors, Assistant Directors and the s151 Officer have been working to bring the services' spending in line with approved budgets, but the Council made a one-off contribution from non-ring fenced reserves to balance the budgets in these areas. Further action in all these areas will still be required during 2017/18 if the Council's MTFS is to be achieved.
 - Assistant Director of Corporate Governance: No significant governance issues were identified during the year in relation to Monitoring Officer functions.
 - Head of Audit and Risk Management: Work to support schools to address control weaknesses was maintained in 2016/17; however outcomes from school audits returned a significantly worse level of assurance overall: three schools received a 'nil' assurance rating; eleven schools received a 'limited' assurance rating; and five schools received a 'substantial' rating. Internal Audit provided training and guidance for school governors, head teachers and school finance staff in advance of all audits. Reports were made to the Schools Forum and Corporate Committee where the correlation between having a poor financial situation and a 'limited' or 'nil' assurance audit rating was highlighted. It has been agreed that further work with the Schools Forum will be undertaken during 2017/18 to help to improve the control and management processes at schools. No other significant governance issues were raised by internal audit during 2016/17.
- 5.3 The Head of Audit and Risk Management has also provided an Annual Audit Report and opinion for 2016/17. 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 outside of school audits were confirmed as being implemented when internal audit completed the follow up reviews.
- 5.4 Priority Owners have completed a statement of assurance covering 2016/17 which is informed by work carried out by Directors; Assistant Directors; heads of service and managers; internal audit; any 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 2016/17, the Council can confirm that both the 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 15 November 2016 and 4 April 2017; and by the Council's Corporate Committee on 25 July 2017, who concluded that the Council has satisfactory governance systems in place and satisfactory plans to address the identified issues to ensure improvement; these arrangements continue to be regarded as fit for purpose in accordance with the governance framework. 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

Zina Etheridge
Interim Chief Executive

Date:

Report for: Corporate Committee – 25 July 2017

Item number: 9

Title: Internal Audit Progress Report 2016/17 – 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: N/A

**Report for Key/
Non Key Decision: Information**

1. Describe the issue under consideration

1.1 This report details the work undertaken by Internal Audit in the quarter ending 31 March 2017 and focuses on progress on internal audit coverage relative to the approved internal audit plan, including the number of audit reports issued and finalised – work undertaken by the external provider (Mazars).

1.2 The report also includes the advisory work undertaken in July 2017 as part of the 2017/18 audit plan for the Haringey Development Vehicle.

2. Cabinet Member Introduction

2.1 Not applicable.

3. Recommendations

3.1 The Corporate Committee is recommended to note the audit coverage and follow up work completed.

4. Reasons for decision

4.1 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.

4.2 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 annual audit plan. Where further action is required or recommended, this is highlighted with appropriate recommendations for the Corporate Committee.

5. Alternative options considered

5.1 Not applicable.

6. Background information

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

7. Contribution to strategic outcomes

7.1 The internal audit work makes a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all key Priority areas.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

8.1 Finance and Procurement

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 2018, in accordance with EU regulations. The costs of this contract are contained and managed within the Audit and Risk Management revenue budget. The maintenance of a strong internal audit function and a proactive and reaction fraud investigation team is a key element of the Council's system of Governance.

8.2 Legal

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.

8.3 Equality

The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- advance equality of opportunity between people who share those protected characteristics and people who do not;
- foster good relations between people who share those characteristics and people who do not.

As contracted providers of Haringey Council, the internal audit contractor is required to demonstrate a strong commitment to equality and fairness in their actions and work practices, and adherence to the Equality Act 2010. Ensuring that the Council has effective internal audit and assurance arrangements in place will also assist the Council to use its available resources more effectively.

9. Use of Appendices

Appendix A – Mazars Progress report – Internal audit

Appendix B – Haringey Development Vehicle advisory audit work (final report)

10. Local Government (Access to Information) Act 1985

Not applicable.

11. Performance Management Information

- 11.1 Although there are no national or Best Value Performance Indicators, 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 – Performance Indicators

| Ref. | Performance Indicator | 4 th Quarter | Year to date | Target |
|------|---|-------------------------|-----------------|--------|
| 1 | Internal Audit work (Mazars) – Days Completed vs. Planned programme | 100% | 95.3% | 95% |
| 2 | Priority 1 recommendations implemented at follow up | 100% (16/16) | 100% (16/16) | 95% |

12. Internal Audit work – Mazars

- 12.1 The activity of Mazars for the fourth quarter of 2016/17 is detailed at Appendix A. Mazars planned to deliver 190 days of the annual audit plan (772 days) during the quarter and delivered 190 days audit work during the quarter. Ongoing monthly contract monitoring reviews ensure that performance levels are kept under review and the annual target was achieved.
- 12.2 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. Detailed summaries of any reports with a limited or nil assurance are included in Appendix A for information.
- 12.3 **Significant issues arising in Quarter 4**
School audits. During the quarter, sixteen school audits were completed and final reports issued. Seven schools received ‘limited’ assurance ratings, and two schools received a ‘nil’ assurance rating (the remaining schools received ‘substantial’ ratings). This is a deterioration in overall performance compared to the previous year. It should be noted that the 2016/17 school audit programme included all those schools who had either received a ‘limited’ assurance rating, or who had not implemented recommendations at the time of the follow up audit, as well as a number of schools who were due for audit under the cyclical timetable. A separate report to the Corporate Committee on actions being taken is included in the agenda.
- 12.4 **Follow up work.** Appendix A also includes details of follow up work completed in Quarter 4. Out of a total of 110 recommendations, 95 had been implemented at the time of follow up, nine were no longer applicable and one was in progress, with two not implemented, giving a compliance rate of 95%. No high priority recommendations remain outstanding. The outstanding recommendations will be kept under review and further reports provided to the Corporate Committee to ensure all recommendations which remain relevant are fully implemented.

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**Internal Audit
Quarter 4 Internal Audit Report
2016/17
London Borough of Haringey**

Mazars Public Sector Internal Audit Ltd.
June 2017

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Executive Summary

Introduction

This is our fourth quarter report to the Corporate Committee for the 2016/17 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 3 2016/17:

2015/16 Internal Audits finalised in the quarter:

- Scheme of Delegation

2016/17 Internal audits finalised in the quarter

- Parking
- Transition (Children's to Adult Services)
- Shared Service Centre
- Freedom of Information Act
- Xpress Electoral registration system

- Highways Repairs Contract
- My Conversation
- Missing Children
- Traded Services
- Deprivation of Liberty
- Active Directory
- Highgate Wood Secondary School
- Weston Park Primary School
- St John Vianney Primary School
- Stroud Green Primary School
- Ferry Lane Primary School
- Lordship Lane Primary School
- Our Lady of Muswell Hill Primary School
- West Green Primary School
- Belmont Junior School
- Rokesly Junior School
- Pembury Nursery School
- Woodland Park Nursery School
- Riverside Special School
- The Brook Special School
- Blanche Neville Special School

2016/17 Drafts issued in the quarter

- Re-Referrals
- Special Guardianships
- Supply Chain Resilience (Adult Social Care)
- Case Reviews (Adult Social Care)
- CCTV Contract
- CACI Childview Application
- Residential Care
- Facilities Management
- Sexual Health and Substance Misuse
- Dynamic Purchasing

Audit Progress and Detailed Summaries

The following table sets out the audits finalised in Quarter 4 of 2016/17 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 |
| 2015/16 | | | | | | | |
| Scheme of Delegation | July 16 | Jan 17 | Substantial | N/A | 0 | 1 | 0 |
| 2016/17 | | | | | | | |
| Parking – On street income and enforcement | Aug 16 | Jan 17 | Substantial | ↔ | 0 | 1 | 2 |
| Transitions | Aug 16 | Jan 17 | Limited | N/A | 0 | 9 | 0 |
| Shared Service Centre | Sept 16 | Jan 17 | Substantial | N/A | 0 | 5 | 0 |
| Freedom of Information | Nov 16 | Feb 17 | Substantial | N/A | 0 | 5 | 1 |
| Xpress Electoral Registration Application Review | Oct 16 | Feb 17 | Substantial | N/A | 0 | 0 | 2 |
| Highways Repairs Contract | Sept 16 | Feb 17 | Substantial | ↔ | 0 | 4 | 0 |
| My Conversation | Jan 2017 | Mar 2017 | Limited | N/A | 1 | 5 | 2 |
| Missing Children | Nov 2016 | Mar 2017 | Substantial | N/A | 0 | 3 | 1 |
| Traded Services | Oct 2016 | Mar 2017 | Substantial | ↔ | 0 | 3 | 3 |
| Deprivation of Liberty | Oct 2016 | Mar 2017 | Limited | N/A | 1 | 0 | 1 |
| Active Directory | Jan 2017 | Mar 2017 | Substantial | N/A | 0 | 3 | 8 |
| My Account | Jan 2017 | Mar 2017 | Substantial | N/A | 0 | 2 | 4 |

As part of the 2016/17 Internal Audit Plan we have visited the following schools, completed a probity audit and during Quarter 4 issued a final report.

| School | Date of Audit | Date of Final Report | Assurance Level | Number of Recommendations (Priority) | | |
|---|---------------|----------------------|-----------------|--------------------------------------|----|---|
| | | | | 1 | 2 | 3 |
| 2016/17 | | | | | | |
| Highgate Wood Secondary School; | Nov 2016 | Feb 2017 | Limited | 1 | 13 | 2 |
| Weston Park Primary | Oct 2016 | Jan 2017 | Limited | 0 | 12 | 1 |
| St John Vianney Primary School | Oct 2016 | Jan 2017 | Limited | 0 | 10 | 6 |
| Stroud Green Primary School | Jan 2017 | Mar 2017 | No | 12 | 13 | 1 |
| Tetherdown Primary School | Mar 2017 | May 2017 | Substantial | 0 | 6 | 1 |
| Ferry Lane Primary School | Dec 2016 | Mar 2017 | No | 5 | 14 | 0 |
| Lordship Lane Primary School | Oct 2016 | Jan 2017 | Limited | 0 | 8 | 1 |
| Our Lady of Muswell Hill Primary School | Feb 2017 | May 2017 | Substantial | 0 | 7 | 0 |
| West Green Primary School | Feb 2017 | Mar 2017 | Substantial | 0 | 6 | 1 |
| Belmont Junior School | Nov 2016 | Mar 2017 | Substantial | 0 | 6 | 3 |
| Rokesly Junior School | Jun 2016 | Jan 2016 | Substantial | 0 | 4 | 8 |
| Pembury Nursery School | Oct 2016 | Feb 2017 | Limited | 0 | 12 | 2 |
| Woodlands Park Nursery School | Nov 2017 | Feb 2017 | Substantial | 0 | 5 | 1 |
| Riverside Special School | Oct 2016 | Feb 2017 | Substantial | 0 | 6 | 2 |
| The Brook Special School | Feb 2017 | May 2017 | Limited | 1 | 6 | 3 |
| Blanche Neville Special School | Oct 2016 | Feb 2017 | Limited | 0 | 10 | 1 |

| Audit area | Scope | Status/key findings | Assurance |
|---|---|---|-----------------------|
| Priority 1 – Outstanding for all | | | |
| <p>Transition Services (Children’s to Adults Services)</p> | <p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> • Policies, Procedures and Legislation • Identification of Children • Assessment of Need • Monitoring | <p>Weaknesses in the system of internal controls are such as to put the client’s objectives at risk. The level of non-compliance puts the client’s objectives at risk. The key findings are as follows:</p> <ul style="list-style-type: none"> • We identified that a database exists (SEN Drill Down) of all young people. We obtained the database and confirmed it included details about the young person, the school, age, age band and cost of care. Furthermore, meetings are held between Children’s and Adult services where the database and cases requiring transition are shared. • It was also found during the 2016/17 audit of Special Education Needs and disabilities (SEND), that the SEND service record cases on a spread sheet and not the database Mosaic, and that not all such cases may be recorded on Mosaic. • Young people are identified by Children services at the Council and are referred to the Adult Services for an eligibility assessment before they are 18. An examination of 15 cases of Children that have been through the Transition process in its entirety and were now Adults identified the following: <ul style="list-style-type: none"> ○ one instance where we were unable to verify how or when a referral was made; and ○ Two instances of the 14 where a referral was made, the referral was made after the young person turned 18 years old. • An Education, Health and Care (EHC) plan is a legal document that describes a child or young person's special educational, health and social care needs. It explains the extra help that will be given to meet those needs and how that help will support the child or young person to achieve what they want to in their life. The plan is drawn up by the local authority after an EHC needs assessment. We could not identify an EHC plan in three of 15 cases examined, and in a further three there was only a draft plan. • It was also found during the 2016/17 audit of SEND, that for a | <p>Limited</p> |

| Audit area | Scope | Status/key findings | Assurance |
|------------|-------|---|-----------|
| | | <p>sample of cases where an EHC Plan had been finalised, it had not been made within the 20 week deadline as required by the regulations.</p> <ul style="list-style-type: none"> • EHC plans (SEND statements) are required to be reviewed at least once a year. This is a chance for everyone involved in supporting the child to check how well they are progressing and whether anything needs to be changed. At the end of the review, the local authority may amend or leave unchanged the EHC Plan. The plan will remain in place until the child leaves education or the local authority decides that the child no longer needs the plan to help them in their education. We could not confirm that an annual review has been completed in two of 15 cases examined. • Once a referral is received by the Adults Team in the Council, each individual’s needs are assessed in line with the eligibility criteria which are required to be completed before the individual is 18 years old. If the individual meets the criteria, they will be assessed for an AMD support/care plan. We identified that in five of the 15 instances the eligibility assessment was undertaken after the individual had turned 18 years old. • Following on from the eligibility assessment, an AMD assessment is undertaken. This assessment decides whether the person is eligible for care and support as per the national minimum threshold for eligibility stated in the Care Act and forms the basis of the support plan. We identified that in one of 15 cases examined there was no AMD Assessment. • Following on from the AMD assessment, an AMD support plan should be developed. According to the Care Act, the support plan is for ‘meeting needs’. It is a package that is flexible and creative in focusing on what the adult requires and what they want to achieve. It is a package of care and support that is designed to give the right level and type of care and support and is the core of being in control of their life and budget. There were three out of 15 cases examined of Children that have been through the Transition process in its entirety and are now Adults where an AMD Support Plan was not in place. One of the three instances the care package | |

| Audit area | Scope | Status/key findings | Assurance |
|------------|-------|--|-----------|
| | | <p>and support was 100% NHS Continuing Healthcare (CHC) funded by the Clinical Commissioning Group (CCG) and the person was in receipt of a Personal Health Budget from the CCG to fund their support services, thus a support plan was not required. However, in the remaining two instances, a support plan should have been in place.</p> <ul style="list-style-type: none"> • A review of the support plan is required to be undertaken on an annual basis to identify if the needs of the individual have changed. We identified 12 instances where a support plan was in place and of these an annual review was not due in six instances, given the date of the support plan and date of the audit fieldwork. In one of the six instances where an annual review was due, it had not been completed. • Cases are continually assessed by Children’s Services and those who are thought to meet the Adult Services eligibility criteria should go on to have assessments by Adult Services. Where cases do not meet the criteria the Council can only inform them of other available sources of care since it does not have the availability to provide care for those not meeting the criteria. • Budget monitoring is conducted on a monthly basis by the Adult Services and Children’s Services, as there is no budget specific for Transitions. We obtained the last three months of budget monitoring reports from both services to evidence the monitoring of the budgets related to care packages and transition plans. Review of the budget and forecast spend for Adults Care Purchasing 18 – 64 years, which includes transition services, as at 2016/17 period 4 identified an over spend of £7,524,500. <p>As a result of our audit work we have raised nine Priority 2 recommendations, which should assist in improving the control environment.</p> <p>The Priority 2 recommendations are as follows: The Transition Protocol should be reviewed on an annual basis to ensure it reflects current legislation. Furthermore, the Protocol should</p> | |

| Audit area | Scope | Status/key findings | Assurance |
|------------|-------|---|-----------|
| | | <p>be made available or communicated to relevant staff. Management response: Children’s services can only use the current protocol in place. As this action sits with SEND I propose the following: Action: Review the transition protocol and add to local offer website. Send copy to affected adult services, families and CYPS. Deadline January 2017</p> <p>Regular training should be provided to those staff with a role in the transition of Children to Adults. Management response: Children’s services can only use the current protocol in place. As this action sits with SEND, I propose the following: Action: Train SEND service in current protocol via email and briefing. Deadline March 2017</p> <p>All service users approaching their 18th birthday should on a periodic basis be identified and it should be identified when an eligibility assessment has been completed. Where one has not been completed, this position should be reviewed by the Head of Service. Management response: Children’s services do not carry out the eligibility assessments. In order for children’s services to be accountable for adults progress the performance tracking and monitoring will need to be sent to children’s services. Action: Refer all Young People (YP) identified to be eligible for an adult’s services assessment by February 2017. Identify where eligibility assessment for adults services has been completed by adult services. Adults mental health, Learning Disabilities and physical disabilities services to report on completion of eligibility to SEND head of service monthly starting from March 2017 on children referred in February 2017 (14+ panel will be used as a vehicle for monitoring). Deadline March 2017</p> <p>Where appropriate, EHC plans should be finalised before a young person’s transition to Adult Services. Sample checks should be undertaken to ensure this deadline is met. Management response: Not all YP require an EHC plan on transition and some will be ceased. Action: Where a young person requires an</p> | |

| Audit area | Scope | Status/key findings | Assurance |
|------------|-------|--|-----------|
| | | <p>EHC plan, EHC’s should be reviewed prior to transition by SEND. To audit after next transition cohort. Deadline August 2017</p> <p>Cases which have not received an annual review should be reported to senior management with explanation as to why there has been no review, until such review is completed. Management response: EHC’s had not existed for long enough to be annually reviewed at the time of the audit. Annual reviews are held by the education establishment where the YP is at school. Already Implemented</p> <p>Eligibility assessments should be completed for all cases and in a timely manner, before the individual turns 18, to ensure that only appropriate individuals who meet the criteria are supported through Transition. A monitoring spreadsheet should be created to ensure these assessments are carried out. Management response: Children’s services do not carry out the eligibility assessments. In order for children’s services to be accountable for adults progress the performance tracking and monitoring will need to be sent to children’s services. Action: Refer all YP identified to be eligible for an adult’s services assessment by February 2017. Identify where eligibility assessment for adults services has been completed by adult services. Adults mental health, LDD and physical disabilities to report on completion of eligibility to SEND head of service monthly starting from March 2017 on children referred in February 2017 (14+ panel to be used as a vehicle for monitoring). Deadline March 2017</p> <p>AMD assessments should be completed for all cases requiring Transition. Furthermore, these should be completed in a timely manner from when the assessment begins. Sample checks should be undertaken to ensure this deadline is met. Management response: Support Plans to be completed. Deadline February 2017.</p> | |

| Audit area | Scope | Status/key findings | Assurance |
|--|---|---|----------------|
| | | <p>AMD Support Plans should be in place for all transition cases. Sample checks should be undertaken to ensure this deadline is met. Management response: Support Plans to be completed. Deadline February 2017</p> <p>A schedule of cases requiring annual reviews of the AMD support plan should be maintained which records when the review was completed, and any reasons for non-completion. Management response: AMD assessment completed on 30.11.16, next review due November 2017. Schedule now in place. Already Implemented</p> | |
| CORPORATE RISK AUDITS | | | |
| <p>‘My Conversation’ performance review process</p> | <p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> • Policies & Procedures • Timescales • Documentation • Objectives and Improvement • Management Information | <p>Weaknesses in the system of internal controls are such as to put the client’s objectives at risk. The level of non-compliance puts the client’s objectives at risk.</p> <p>The key findings are as follows:</p> <ul style="list-style-type: none"> • A My Conversation Guidance document is in place and available on the Council intranet. The purpose of the Guidance is to ensure that staff are aware of how the new appraisal system helps meaningful conversations take place between the manager and staff to improve organisational performance. • Guidance in the forms of e-learning videos, infographics and FAQs are also available on the Council intranet, however, these are not linked to the My Conversation Guidance document. • Face to face training workshops were provided to all staff from April to July 2016. Training was not compulsory, however was strongly recommended for managerial levels. We identified via testing that three out of 10 managers selected had not attended face to face training. • Optional My Conversation e-learning workshops are available for access via the Council intranet. We selected a total of 20 samples including staff and managerial levels, 18 of which were available for testing as two did not respond to repeated requests for information. Of the 18 cases sampled, we identified in seven | Limited |

| Audit area | Scope | Status/key findings | Assurance |
|------------|-------|---|-----------|
| | | <p>instances, individuals were not aware of the available online workshops.</p> <ul style="list-style-type: none"> • My Conversation meetings are suggested to be conducted between once a week to once every six weeks, dependent on appraisee map position. Based on this guidance, we identified that of the 18 cases available for testing, 15 cases had not reached an acceptable frequency of My Conversations meetings and three cases where staff had not participated in a My Conversation meeting due to staff reorganisation leading to changes in manager. • My Conversation mapping was first introduced in April 2016, and should be completed at least twice annually. We confirmed that of the 18 cases available for testing, 14 had an available map position. Of these 14 cases, we identified that in nine instances the map position could not be evidenced by achievement of objectives and values summarised on My Conversation forms. • Standard My Conversation form templates have been produced and are available on the Council intranet for download. • We were unable to confirm via review of the My Conversation Guidance that support in regards to objective setting has been provided. Requirements for objectives to be “SMART”; specific, measurable, agreed, realistic and time-bound, was not specified within Guidance. Of the 18 available cases, we identified five instances where staff had not had a My Conversation, or were unable/unwilling to provide documentation for My Conversation meetings, and two instances where SMART objectives were not identified. • We identified six instances where My Conversation objectives and meeting notes had not been signed off as agreed by both appraiser and appraisee. • My Conversation map position data was collected by HR in June 2016, and analysis of data was presented to the Senior Leadership Team and Workforce Board in September 2016. A further breakdown by area is provided to Assistant Directors at the meeting. We were unable to confirm discussion of analyses as no meeting notes were produced due to closed meeting status. We | |

| Audit area | Scope | Status/key findings | Assurance |
|------------|-------|--|-----------|
| | | <p>confirmed that Key Performance Indicators (KPI) have not been formally agreed and no specified committee has been agreed to discuss agreed KPIs.</p> <p>As a result of our audit work we have raised one Priority 1 five Priority 2 and two Priority 3 recommendations, which should assist in improving the control environment. The Priority 1 recommendation is as follows:</p> <p>Spot checks should be undertaken by Team Managers to check that frequency of My Conversation meetings are being held as per Guidance. Any exceptions should be followed up. Management response: HR Business Partners will liaise with their respective areas to remind managers that regular conversations should take place between managers and their direct reports. We will also consider how this can be integrated into the training we are designing for People Managers (Tiers 4 and 5). Deadline May 2017</p> <p>The Priority 2 recommendations are as follows:</p> <p>Online training should be a mandatory part of the induction process and attendance recorded. Management response: My Conversation forms part of our revised Induction process. Reference to My Conversation is part of the new Induction Checklist, which needs to be signed of by both manager and employee. The new induction policy clearly states that it is the responsibility for the employee to ‘Attend and actively contribute to their regular 121/supervision meetings and to their annual My Conversation Map meeting’. Deadline May 2017</p> <p>The My Conversation form should be amended to clearly indicate that Map position should be evidenced by discussion of progress made to objectives set at each meeting. Management response: We agree that map positions should always be supported by evidence and this is made clear in face to face training,</p> | |

| Audit area | Scope | Status/key findings | Assurance |
|---|--|---|----------------|
| | | <p>on-line training and guidance material. Redesigning the current My Conversation template is one of the planned activities for this year to be completed by September 2017.</p> <p>Objective setting guidance should be provided for all staff. Management response: Since this audit was carried out, we have produced a ‘tip card’ and a presentation for staff to use. Both are available on Fuse (our learning platform) and they address:</p> <ul style="list-style-type: none"> • Importance of setting objectives which address performance and development • Using SMART technique when developing objectives <p>The revised My Conversation template will also make clear the need for objectives to be SMART. Deadline Sept 2017</p> <p>Staff should be reminded that My Conversation notes should be signed as agreed by both manager and appraise. Management response: Further thought needs to be given to how ‘sign-off’ is authenticated when records are kept electronically. We acknowledge this is important and how we address this will need to form one of our post data collection actions. Deadline December 2017</p> <p>My Conversation KPIs should be formally agreed and presented to the Workforce Board twice a year. Management response: As the framework is still new, our current agreement is to share the data collection with our Senior Leadership Team (SLT) twice a year and for the Workforce Programme board to receive regular updates including the review of all risks and issues. We will look to formalise this process with the Workforce Programme board. Deadline July 2017</p> | |
| Priority 2 – Outstanding for all (Adult Social Services) | | | |
| <p>Deprivation of Liberty (DoLS)</p> | <p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> • Policies, Procedures and Legislation. | <p>Weaknesses in the system of internal controls are such as to put the client’s objectives at risk. The level of non-compliance puts the client’s objectives at risk. The key findings are as follows:</p> | Limited |

| Audit area | Scope | Status/key findings | Assurance |
|------------|---|--|-----------|
| | <ul style="list-style-type: none"> • Application Processing • Care Management • Department of Health returns • Monitoring | <ul style="list-style-type: none"> • The Haringey Safeguarding Adults Board (SAB) Mental Capacity Act (MCA) & Deprivation of Liberty Safeguards (DoLS) Staff Procedure and Guidance 2016 was approved by the Multi-Agency SAB on 25 January 2016. This procedure was scheduled for review in January 2017, but this has postponed until April 2017. Version control confirms the procedure has been updated to reflect most recent changes to legislation. • The Haringey SAB procedure highlights the responsibilities of the following: <ul style="list-style-type: none"> ○ DoLS Best Interests Assessor (BIA) completes the age assessment, best interest assessment and the no refusals assessment; ○ DoLS Mental Health Assessor completes the mental health assessment, mental capacity assessment and the eligibility assessment; ○ Independent Mental Capacity Advocate (IMCA) is involved when there is no one else to consult during the Best Interest Assessment process and when there is no one appropriate to appoint as the relevant persons representative; and ○ Relevant Persons Representative (RPR) is responsible for monitoring the DoL that is taking place including the conditions that have been attached to the DoL authorisation. • Relevant staff receive Best Interest Assessor (BIA) training, followed by annual refresher training. This training is provided both internally, and by an external assessor. A register of all BIAs is maintained by the Organisational Development and Training department, who have the responsibility of ensuring that all staff are receiving the appropriate training. We obtained confirmation letters pertaining to three randomly selected doctors to verify that training had occurred. • Haringey will audit each Form 1 Request for Standard Authorisation and Urgent Authorisation as they are submitted to ensure that they are complete and clearly signed and printed for future reference. No unsigned forms will be processed without confirmation of circumstance. Examination of a randomly | |

| Audit area | Scope | Status/key findings | Assurance |
|------------|-------|--|-----------|
| | | <p>selected sample of 20 Deprivation of Liberty requests confirmed that, in all cases, the request was made via a completed Deprivation of Liberty Safeguards Form 1 Request for Standard Authorisation and Urgent Authorisation.</p> <ul style="list-style-type: none"> • Examination of 20 randomly selected cases confirmed that no assessments were carried out before the relevant 21 and 7 day thresholds. In five of the 20 cases, the individual died before an assessment was carried out. • Examination of 20 randomly selected cases confirmed, in all applicable cases, the assessment was carried out by a section 12 approved doctor or psychiatrist or Best Interest Assessor. • We identified two cases where an RPR could not be identified and therefore an IMCA would need to be appointed (cases 133996 and 1000109). In both cases an IMCA was appointed. • Examination of a random sample of 20 cases confirmed in all cases an audit trail could be traced showing the original application and the outcome of the assessment. • Examination of 10 randomly selected DoLS cases revealed, in one case (reference 28166), an Annual Care Review was not completed within 12 months. Standard authorisation was given on 01/09/2015 and the Annual Care Review was completed on 07/10/2016. • We obtained the Department of Health (DoH) Return submitted by Haringey for 2015/16 financial year and confirmed it was submitted before the 18 May 2016 deadline. Haringey use a validation tool to highlight any discrepancies and verify the accuracy of data before submission which we confirmed to have been done for the 2015/16 return. • Budget monitoring is performed by a designated finance officer for each period and reports are distributed to management and discussed at monthly meetings. The central finance team also produce a report for adult services each period. The Assistant Director and Head of Operations add any further information and escalations to this report that is then signed off by the Director, and presented to the Statutory Officers Group on a monthly basis. | |

| Audit area | Scope | Status/key findings | Assurance |
|------------|-------|--|-----------|
| | | <p>Audit obtained budget monitoring reports for April, May, June, July, and September 2016.</p> <p>As a result of our audit work we have raised one Priority 1 and one Priority 3 recommendations which should assist in improving the control environment.</p> <p>The Priority 1 recommendation is as follows: A root cause analysis should be undertaken to determine why DoLS applications are not being undertaken in a timely fashion and identify means by which performance can be improved to ensure all applications are determined within expected timescales. Management response: This was due to a backlog in DoLS application (which is a national issue due to the change in legislation) but it has since been cleared, I can confirm that currently all DoLS application are processed in a timely fashion within expected timescales, this is part of the weekly discussion/meetings that is held with the DoLS administrator. Already Implemented</p> | |

Follow Up Table – 2014/15 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 | | | | | | | | | | | | | | |
| Strategic Financial Management and Budgetary Control | Substantial | 0 | 1 | 0 | 1 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| Cash Receipting | Substantial | 0 | 1 | 1 | 2 | 0 | 1 | 1 | 2 | 0 | 0 | 0 | 0 | 0 |
| Accounting & General Ledger | Substantial | 0 | 2 | 0 | 2 | 0 | 2 | 0 | 2 | 0 | 0 | 0 | 0 | 0 |
| Accounts Payable | Limited | 3 | 5 | 0 | 8 | 3 | 4 | 0 | 7 | 1 | 0 | 0 | 0 | 0 |
| Accounts Receivable | Substantial | 0 | 2 | 2 | 4 | 0 | 2 | 2 | 4 | 0 | 0 | 0 | 0 | 0 |
| Housing Benefits | Substantial | 0 | 2 | 1 | 3 | 0 | 2 | 1 | 3 | 0 | 0 | 0 | 0 | 0 |
| Payroll | Substantial | 0 | 2 | 2 | 4 | 0 | 2 | 2 | 4 | 0 | 0 | 0 | 0 | 0 |
| Contract & Procurement | | | | | | | | | | | | | | |
| IT Services – Disposal of IT Assets | Substantial | 0 | 4 | 0 | 4 | 0 | 4 | 0 | 4 | 0 | 0 | 0 | 0 | 0 |
| BSF ICT Managed Services Contract | Substantial | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 |
| Off Site Storage Contract | Limited | 1 | 6 | 0 | 7 | 1 | 5 | 0 | 6 | 0 | 1 | 0 | 0 | 0 |
| E U Public Contract Compliance | Substantial | 0 | 1 | 1 | 2 | 0 | 0 | 1 | 1 | 1 | 0 | 0 | 0 | 0 |
| Procurement Strategy | Substantial | 1 | 5 | 0 | 6 | 1 | 2 | 0 | 2 | 3 | 0 | 0 | 0 | 0 |
| Scheme of Delegation and Contract Standing orders | | 0 | 4 | 0 | 4 | 0 | 3 | 0 | 3 | 0 | 0 | 1 | 0 | 0 |
| Corporate IT Audits | | | | | | | | | | | | | | |
| Website Management | Substantial | 0 | 0 | 3 | 3 | 0 | 0 | 3 | 3 | 0 | 0 | 0 | 0 | 0 |
| ICT Strategy & Governance | Substantial | 0 | 1 | 1 | 2 | 0 | 1 | 1 | 2 | 0 | 0 | 0 | 0 | 0 |
| Comino Document Management System | Substantial | 1 | 2 | 2 | 5 | 1 | 2 | 2 | 5 | 0 | 0 | 0 | 0 | 0 |
| ePay Application | Substantial | 0 | 1 | 3 | 4 | 0 | 1 | 3 | 4 | 0 | 0 | 0 | 0 | 0 |
| M3PP Environmental Enforcement Application | Substantial | 0 | 6 | 7 | 13 | 0 | 6 | 7 | 13 | 0 | 0 | 0 | 0 | 0 |
| Environmental Services & Community Safety | | | | | | | | | | | | | | |
| Highways Income | Limited | 2 | 0 | 1 | 3 | 2 | 0 | 1 | 3 | 0 | 0 | 0 | 0 | 0 |

| 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 | | |
| Environmental Services - Enforcement | Substantial | 0 | 1 | 1 | 2 | 0 | 0 | 1 | 1 | 0 | 1 | 0 | 0 | 0 |
| Children's Services | | | | | | | | | | | | | | |
| Children in Care | Limited | 2 | 2 | 1 | 5 | 2 | 2 | 1 | 5 | 0 | 0 | 0 | 0 | 0 |
| Adult Services | | | | | | | | | | | | | | |
| Safeguarding Adults Board | Substantial | 0 | 3 | 3 | 6 | 0 | 3 | 3 | 6 | 0 | 0 | 0 | 0 | 0 |
| Private Sector Leasing | | 0 | 0 | 3 | 3 | 0 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 0 |
| Corporate Risks | | | | | | | | | | | | | | |
| Data Quality & Performance Indicators | Substantial | 0 | 2 | 0 | 2 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ad hoc Work | | | | | | | | | | | | | | |
| Pendarren Outdoor Education Centre | Limited | 6 | 4 | 1 | 11 | 6 | 4 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Free School Meals | | 0 | 3 | 0 | 3 | 0 | 3 | 0 | 3 | 0 | 0 | 0 | 0 | 0 |
| Total | | 16 | 60 | 34 | 110 | 16 | 49 | 30 | 95 | 9 | 2 | 1 | 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 2014/15

| Ref | Recommendation | Priority | Original Implementation Deadline | Progress/Status |
|--|---|----------|----------------------------------|---|
| Off Site Storage Contract | | | | |
| 1 | Team Managers across the Council should be formally reminded of the requirement to maintain a register of documents, detailing documents in storage, accountability, date sent to storage, destruction dates, and documents retrieved. The register should be kept up-to-date. | 2 | September 2014 | <p>Not Implemented</p> <p>A meeting was held with the Procurement Team and work has now commenced to address the legacy issues that have been identified before preceding with developing any new contract.</p> <p>The legacy issues in question relates to the Haringey's previous file storage contract with Iron Mountain, where Haringey Staff have set up accounts after the main account was closed.</p> |
| Scheme of Delegation and Contract Standing Orders | | | | |
| 2 | The Financial Schemes of Delegation displayed on the intranet should be reviewed and updated to reflect the current management structure of the Council. Corporate Finance should seek to obtain notice from SAP HR of changes to staff with financial powers, such that the Directorate Schemes of Delegation can be amended. | 2 | August 2015 | <p>In progress</p> <p>The Head of Financial Systems is to review the current process for managing / updating the Scheme of Financial Delegations as part of the work he is doing on GL SAP roles. There is a proposal to introduce some form of e-form which will be work-flowed to the relevant Assistant Director to approve before changes are made. The FS team would then be responsible for updating the relevant intranet pages probably bi-monthly / quarterly with the comprehensive S of Fin Del. Other projects currently in progress mean this will not be fully implemented before Sept 17.</p> |
| Environmental Services – Enforcement | | | | |
| 3 | The Enforcement Strategy should be reviewed and updated to reflect the priorities of the current Corporate Plan and to provide a transparent link to Corporate objectives. The updated Strategy should be made available on the Council's intranet. Management should also ensure that the document is reviewed and updated in a timely manner, when due. | 2 | November 2015 | <p>Not Implemented</p> <p>An Enforcement Strategy/policy is still being drafted. Delays have taken place as HMO licensing is now part of the service and the policy/strategy will need to reflect this. It is expected this will be in place for April 2018.</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

June 2017

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Final Internal Audit Report 2017/18

London Borough of Haringey Haringey Development Vehicle July 2017

This report has been prepared on the basis of the limitations set out on page 7.

This report and the work connected therewith are subject to the Terms and Conditions of the Engagement Letter dated 30 March 2012 between the London Borough of Haringey and Mazars Public Sector Internal Audit Limited under an arrangement agreed with Croydon Council. The report is confidential and produced solely for the use of the London Borough of Haringey. 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.

Introduction

As part of the 2017/18 Internal Audit Plan approved by the Corporate Committee on 21 March 2017, we have undertaken a review of the planned joint venture the Haringey Development Vehicle (HDV).

The agreed objective and scope of our work is set out in the Terms of Reference issued on 20 April 2017. The Terms of Reference outlines a three stage approach to the planned internal audit work for 2017/18.

It should be noted that we took into account the scope of work to be completed by External Audit in preparing for this audit, and this will be considered again at the point of commencing further phases of our internal audit work, to ensure minimum duplication of effort.

Phase one of the planned work was to undertake some high level assurance and advisory work regarding the planned governance of the HDV project and how risk is being identified managed and communicated. This work was completed in May 2017 through contribution to workshops with Management to develop and provide independent challenge on: the risks identified in relation to the HDV; the main causes and consequences of these risks and the mitigations currently in place or planned for the short term future.

The Council's Risk Register relating to the HDV dated 19 May 2017 has been provided to Senior Management and Members for review and challenge and was published on the Council's website on 9th June 2017.

The second phase of the work was originally scheduled for quarter two, and proposed a more detailed review of the management of risks relating to the HDV identified during phase one, including review of the proposed governance arrangements and testing the controls and mitigations in place to manage the identified risks when the approval to establish the HDV has been obtained.

In response to requests from Management phase two of the planned work has been commenced earlier than originally timetabled, to ensure assurances and independent challenge on the risk management activity continue in a timely fashion as the decision date arrives. Due to the timing of the work being brought forward it has not been possible to undertake any detailed testing regarding controls established within the HDV.

The planned audit work for 2017/18 will be reviewed post 3 July 2017 after the Cabinet decision has been taken. The resources required will be considered in light of the risk rating assigned to the HDV by the Head of Audit and Risk Management and the assurances required by Management and Members at that time. If required, phase two of the audit work will be revisited and, early testing of the controls implemented by Management at the outset of the HDV can be undertaken.

The main focus for this phase of work has therefore been to consider the contents of the current Risk Register relating to HDV and in particular the robustness of mitigating actions that are in place, challenging and confirming again the existence of these where required as the Cabinet deadline is met and the decision date approaches. Actions have been agreed with Management and these are included within the report. These will be reviewed as part of the next phase of audit work.

We have also discussed with Management how the wider Governance Framework is being developed to mitigate the high inherent risks to the Council that will be affected by HDV, such as Information Governance, and sought assurance whilst challenging the robustness of activity to mitigate as the focus of activity moves from pre decision to post decision risk management.

This work is advisory therefore no overall assurance opinion has been given.

Key Findings

- In reviewing the current Council HDV Risk Register, dated 19th May, the initial observations made were that:
 - The Risk Register is reporting contains a number of risks that at the point of the decision by Cabinet will change;
 - Ownership of the risks identified is currently limited to two Council officers;
 - For a number of post decision risks the HDV Board is identified as a shared owner of the Council's risk.
- A full review of the Risk Register took place on 5th July 2017 and Internal Audit were invited to facilitate this session. The focus of the session was to refresh the risks; consider current risk ratings and therefore the adequacy of the mitigations in place; and, also the ownership of the risk and where, going forward, the risk should be owned and monitored.
- The Cabinet decision on 3rd July and planned review of the risks will also impact on other Risk Registers across the Council, reviews of which occur periodically as part of the governance framework of the Council and the specific Priority Boards. Due to the significance of the HDV it is anticipated that all risk registers will be affected even if it is just in terms of the source of assurance received. The Priority Board Risk Registers were requested as part of this audit but, due to time constraints, could not be considered in detail. This work will, however, be completed post drafting of the report and observations shared with Management. Further work to review the Priority Board risk registers following the decision on the HDV will be undertaken in the next phase of the audit.
- In meetings with Management for this audit it has been noted that:
 - There are newly identified or emerging risks where prompt action has been taken by Management but these are yet to be reflected in the Risk Register, areas noted include the arrangements for transfer of property; and
 - For identified risks there are further mitigating actions that are not captured within the Risks Register which may mean that ratings and assurances are out of date. Management confirmed that these issues will be addressed both as part of the 5th July workshop and on an ongoing basis; updates will be independently challenged as part of future audit work.
- When reviewing the current Risk Register three key risk areas were identified for further work:
 - a) **Capacity of Resources** is a risk identified in its own right but also is identified as a cause for a number of other risks on the register. It is noted that changes at Senior Management level have been implemented recently to reflect the need for increased capacity in the longer term and an Head of Service post and more junior officer post have been approved, currently filled on an interim basis by Haringey officers, reporting to the Director of Housing and Growth. There have also been a number of external specialist resources deployed to provide advice and support the preparations for the Cabinet report. Due to the pace of this programme of work and the deadline for the Cabinet report, the risks around capacity have been high with significant investment from key officers across the Council. Although the work around HDV is across all parts of the Council, Legal Services is noted as one area where significant risk management activity has been undertaken relating to capacity of resources.

The Cabinet report also includes some delegation of responsibility for final amendments to legal documentation; however the delegations fall within the financial limits held by Officers and assurance was provided that resources have been focused on the legal documents that need to be completed to enable Cabinet to make their decision and ensure the Council's interests are protected. External legal advice has been available and utilised by the Council's legal team to provide assurance and advice in the management of Council risk.

Through discussions with Management it was reported that, due to the timescales involved and the complexity of the work, it would not have been effective to increase resources across Council teams, in the weeks prior to the Cabinet deadline.

Capacity of resources is identified in the current Risk Register for the periods both pre and post the 3 July Cabinet decision, noting that ensuring the right capacity and skills are available will be critical to the achievement of objectives especially as retention of external expertise will not be financially sustainable indefinitely. The capacity of resources was a focus of the workshop on 5th July to ensure that robust mitigations are in place and captured to provide assurances to Senior Management and Members. As the creation of the HDV moves forward the clarity of plans and therefore the ability to challenge the rational of resource plans both relating to people and structure and the financial budgets that align will become easier. This work will form part of the next phase of the audit, starting with the risk session on 5th July.

Agreed Action Points:

- 1. Management to focus on further developing the resource plan, including the financial resources required, to ensure that the HDV and Council teams interacting with the new entity have the sufficient capacity and skills to ensure that the objectives of all stakeholders are achieved on an ongoing basis.*
- 2. The resource plan will need to be approved in accordance with the delegations and responsibilities within the Council's Governance Framework and Finance Procedure Rules; and the new Governance Arrangements implemented relating to the HDV.*
- 3. The plan will need to be approved in accordance with the delegations and responsibilities within the Council's Governance Framework and the new Governance Arrangements implemented relating to HDV.*

b) Communications and Engagement is another risk area identified in its own right within the Risk Register but also, if not well managed, could prove a cause for a number of other risks to escalate. The Communications Strategy regarding HDV was reviewed and how the Council developed this Strategy; is delivering the Strategy; and what plans are in place to transition arrangements post decision was considered as part of our work. It is noted the mitigations in the risk register do not fully reflect the significant activity being undertaken to mitigate this risk; and the resources required to respond to Freedom of Information (FOI) Requests and other correspondence relating to HDV have been significant. Responses to FOI Requests have been published on dedicated Council webpages and 'Frequently Asked Questions' have also been presented to help inform the residents. Discussions with the Assistant Director Strategy and Partnerships indicated that there may be periods post the Cabinet decision on 3 July where the delivery of the Communications Strategy and Plan may have to be paused; it is noted that mitigating the risk at this time will need to be considered to provide positive assurances to stakeholders and residents. Like many other elements of the Governance arrangements the approach around communication in particular will be split with the Council and the HDV itself needing to have clearly defined roles and responsibilities and Strategy and Procedure that efficiently and effectively complement each other. This was captured as part of the refresh of the Risk Register on 5 July; assurances are contained in the updated version of the risk register which is planned for publication in mid-July.

Agreed Action Point:

4. *Certain risks may increase in the period following the Cabinet decision where further democratic and legal process may take place. The Communication Strategy will be kept under review to ensure appropriate communication and engagement still takes place.*

c) Development of Governance Framework has been on-going as part of the preparations for the Cabinet Report. However, in reviewing the Risk Register and through meetings with Management it is noted that there will be significant activity between July and September when, subject to the Cabinet decision and due process, the HDV will become operational. An internal Operational Board has existed in the same way that the five Council Strategic Priorities have Boards; this has helped to manage the risks and a similar forum will need to continue post decision at least until governance arrangements of the HDV are fully determined. If it is determined that the governance structures of the Priority Boards should be replicated for the Council's internal HDV board, relevant Lead Members should be included on the Strategic Board. This would enable Strategic and Operational Risk Registers to drive risk management at the right level at the relevant timetabled meetings.

Management should note that in supporting the Priority Boards to embed Risk Management into their governance arrangements, Internal Audit noted that the separation of operational and strategic risk did not occur at the outset. The separation only came when the role of the Board matured and the separation of the meeting agendas was possible; the Risk Registers helped to drive the setting of both the Strategic and Operational agendas and strengthen further the risk management arrangements in place. The experience of prior Boards can inform the development and operation of the HDV Board; the Board will have a critical role in ensuring Risk Management drives the decision making. It was noted during our work that the timeline to publish the Risk Register was not as succinct as may be required in future. Management indicated that the plan for the next refresh is to publish promptly after internal challenge and scrutiny is complete and the target for this is mid-July.

Internal Audit have highlighted a number of operational risks that will become relevant post the decision date, relating to the impact of a potential lack of clarity regarding roles and responsibility for Council staff, either working within the HDV or within Council teams working with the HDV. They will need clarity on their roles and how the arrangements around governance align and where they are different. Ensuring adequate induction and training for HDV officers and Members, and providing ongoing briefings will be essential. Using dedicated HDV email addresses would be one way to ensure clarity of role and function. There are also other arrangements to consider for example ensuring the culture around Declaration of Interests and Gifts and Hospitality will be essential for Officers and Members who will be working in a higher risk environment going forward.

Agreed Action Points:

5. *The timeline from review and appropriate approval of the risk register and publication of risk register should be agreed and ideally completed within 5 working days.*
6. *The Governance Framework and Decision-Making processes within the Council will need to be established and approved promptly after the Cabinet decision is confirmed.*
7. *Management actions aimed at ensuring clarity of roles and responsibilities should be further developed to ensure that officers in both the Council and the HDV are clear on the governance framework in which they are working.*

As part of this work a number of intentions and planned actions have been captured and recognised. No formal recommendations have been raised as a result of our work however for each of the areas reviewed 'Agreed Action Points' has been raised and an adequacy of controls in place and the effectiveness of those controls in light of the risks faced have been provided. This is a snap shot in time and, it should be noted, is in part reflective of the pace of the work and also the timing of the audit. It is acknowledged that Management do have plans to undertake these actions however due to the risk levels it was deemed necessary to draw out specific actions within the report. The completion of these actions will be followed up as part of later audit work and the planned on-going support and challenge to be provided by Internal Audit in coming months.

| Area of Scope | Adequacy of Controls | Effectiveness of Controls |
|----------------------------|----------------------|---------------------------|
| Capacity of Resources | Amber | Green |
| Communication & Engagement | Green | Green |
| Governance Framework | Amber | Amber |

Please refer to Appendix A for a definition of the adequacy and effectiveness of controls and recommendation priorities.

| | |
|------------------------|---|
| Acknowledgement | We would like to thank the Director of Housing and Growth; Assistant Director of Strategy and Partnerships and their teams; and the officers within Legal Services for their time and co-operation during the course of the internal audit. |
|------------------------|---|

Appendix A – Definition of Recommendation Priorities

Adequacy and Effectiveness Assessments

Please note that adequacy and effectiveness are not connected. The adequacy assessment is made prior to the control effectiveness being tested.

The controls may be adequate but not operating effectively, or they may be partly adequate / inadequate and yet those that are in place may be operating effectively.

In general, partly adequate / inadequate controls can be considered to be of greater significance than when adequate controls are in place but not operating fully effectively, i.e. control gaps are a bigger issue than controls not being fully complied with.

| | Adequacy | Effectiveness |
|--|--|--|
| | Existing controls are adequate to manage the risks in this area | Operation of existing controls is effective |
| | Existing controls are partly adequate to manage the risks in this area | Operation of existing controls is partly effective |
| | Existing controls are inadequate to manage the risks in this area | Operation of existing controls is ineffective |

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****July 2017**

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Report for: Corporate Committee – 25 July 2017

Item number: 10

Title: Counter Fraud Update Report 2016/17 – 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: N/A

**Report for Key/
Non Key Decision: Information**

1. Describe the issue under consideration

1.1 This report details the work undertaken by the Counter Fraud Team in the quarter ending 31 March 2017 and focuses on details of pro-active and reactive investigative work undertaken relating to fraud and/or irregularities – work undertaken by the in-house Fraud Team.

2. Cabinet Member Introduction

2.1 Not applicable.

3. Recommendations

3.1 The Corporate Committee is recommended to note the counter-fraud work completed in the quarter to 31 March 2017.

4. Reasons for decision

4.1 The Corporate Committee is responsible for monitoring the effectiveness of Council policies on Anti-Fraud and Corruption. In order to facilitate this, progress reports are provided on a quarterly basis for review and consideration by the Corporate Committee on the responsive and pro-active fraud investigation work.

5. Alternative options considered

5.1 Not applicable.

6. Background information

6.1 The information in this report has been compiled from information held within Audit & Risk Management.

7. Contribution to strategic outcomes

7.1 The counter-fraud team makes a significant contribution through its pro-active work in ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all key Priority areas.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

8.1 Finance and Procurement

There are no direct financial implications arising from this report. The work completed by the Fraud Team is funded from within the Audit and Risk Management revenue budget. The maintenance of a strong proactive and reaction fraud investigation team is a key element of the Council's system of Governance.

8.2 Legal

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.

8.3 Equality

The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- advance equality of opportunity between people who share those protected characteristics and people who do not;
- foster good relations between people who share those characteristics and people who do not.

The in-house counter-fraud team is required to demonstrate a strong commitment to equality and fairness in their actions and work practices, and adherence to the Equality Act 2010 and this is built into the team's operational procedures. Ensuring that the Council has effective counter-fraud arrangements in place will assist the Council to use its available resources more effectively.

9. Use of Appendices

Appendix A – In-house Team – investigations into financial irregularities

10. Local Government (Access to Information) Act 1985

Not applicable.

11. Performance Management Information

- 11.1 Although there are no national or Best Value Performance Indicators, local performance targets have been agreed for Audit and Risk Management. Table 1 below shows the targets for each key counter-fraud area monitored and gives a breakdown between the quarterly and cumulative performance.

Table 1 Performance measures – counter fraud activity

| Ref. | Performance Indicator | 4 th Quarter | Year to date | Target |
|------|--------------------------------------|-------------------------|--------------|--------|
| 1 | Tenancy fraud – properties recovered | 14 | 48 | 40 |

| | | | | |
|---|--|----|-----|----|
| 2 | Right to Buy – fraudulent applications prevented | 30 | 100 | 80 |
|---|--|----|-----|----|

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

12.1 Internal employee investigations

In accordance with the Council's Constitution, the in-house Fraud Team investigates all allegations of financial irregularity against employees. Appendix A details the individual cases that were completed by the team in the fourth quarter 2016/17 relating to Council employees.

Quarter 4 investigations. Within the fourth quarter, two new cases relating to permanent and temporary employees were referred to the Fraud Team. Three cases were completed during the quarter: evidence was found to substantiate the allegations made in all cases and reports issued to service management for their consideration in line with the disciplinary Code of Conduct.

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. No cases remained outstanding at the end of the quarter.

Details of the investigations relating to allegations against employees completed by the Fraud Team in 2016/17 are contained at Appendix A.

Whistleblowing referrals. The Head of Audit and Risk Management maintains the central record of referrals made using the Council's Whistleblowing Policy. Two whistle blowing referrals were made during Quarter 4, one was anonymous and one was submitted with a name and address details, but these were found to be false on further investigation.

One referral was investigated by Audit and Risk Management; no evidence was found to substantiate the allegation and the outcome of the investigation was reported to service management. One investigation related to a previous referral in 2016/17; further investigation was undertaken by Audit and Risk Management, but no further evidence was found was completed by HR and no evidence was found to support the allegations. All referrals made during 2016/17 have been investigated and either closed by Audit and Risk Management, or referred to service management where they do not relate to financial issues or irregularity.

In total, sixteen referrals have been reported using the Whistleblowing policy in 2016/17. Regular reminders on how to report concerns are issued via the intranet and staff newsletter. The referrals received, albeit the majority (9 out of 16) are anonymous, indicate that staff are aware of the Whistleblowing policy and how to use it.

12.2 Tenancy Fraud – council properties

In 2016/17, the numbers of referrals received, investigations completed and properties recovered to date by the Fraud Team are summarised below.

2016/17 – Referrals received

| | |
|---|------------|
| Brought forward from 2015/16 | 88 |
| Referrals received in 2016/17 | 176 |
| Total referrals received for investigation | 264 |

2016/17 Outcomes

| | |
|-------------------------------|------------|
| Properties Recovered | 48 |
| No Fraud identified | 123 |
| Total cases concluded | 171 |
| Ongoing Investigations | 93* |
| *See Note 1 below | |

Note 1: Of the 93 ongoing investigations; 30 of these cases (32%) are where tenancy fraud has been identified and court proceedings were in progress as at 31 March 2017. The property will be included in the 'recovered' data when the keys are returned and the property vacated.

The Fraud Team liaise with Legal Services on individual cases to ensure these are progressed as quickly as possible. For the ongoing investigations where tenancy recovery is in progress, the status of the tenancy has been investigated and the case is either: awaiting a Court Hearing; the Particulars of Claim are with Legal Services; an NTQ is awaiting expiry; a succession application has been refused and the tenant is awaiting an offer of smaller accommodation; or the rent account is showing an 'Unauthorised Account' on the Housing database.

The Fraud Team works with Homes for Haringey (HfH) to target and investigate housing and tenancy fraud, which forms part of HfH's responsibilities in the Management Agreement. HfH have confirmed that they will continue to fund the seconded officer in the Fraud Team on a long term basis to assist with the tenancy fraud work. Training has been provided to HfH staff on tenancy fraud, raising awareness of potential fraud indicators that will assist in the recovery of illegally sub-let properties.

The Fraud Team will continue to work with HfH to identify the most effective use of fraud prevention and detection resources across both organisations to enable a joined up approach to be taken, especially where cases of multiple fraud are identified e.g. tenancy fraud, and right to buy fraud.

Other tenancy investigations. In addition, in 2016/17 to date the Fraud Team investigations have recovered three Temporary Accommodation (TA) properties which was not being used by the assigned tenant; and have prevented three fraudulent housing applications from being accepted.

12.3 Pro-active counter-fraud projects

During 2016/17, the Fraud Team have undertaken a number of pro-active counter-fraud projects in areas which have been identified as a high fraud risk. Progress reports on this work will be reported to the Corporate Committee on

an ongoing basis; the findings and outcomes are all shared with service managers as the projects are delivered.

12.3.1 Gas safety – execution of warrant visits

In 2016/17, the Fraud Team agreed to support the HfH Gas Safety Compliance Engineer and accompany warrant officers on all executions of warrant of entry visits where it was suspected that the named tenant was not in occupation.

As a result, the Fraud Team are advised of the date for the warrant to be executed and attend the visit with the warrant officer. The Fraud Team aim to interview any occupant and establish the legitimacy of the tenancy, or investigate further if the property is empty, or identified as being potentially sublet or abandoned. The Fraud Team may also identify cases where the tenant is a vulnerable adult, in which case a referral is made to social workers and/or tenancy management. The Gas Safety Team can and do make referrals to the Fraud Team if they identify notice any potential fraud indicators through the normal course of their work.

Since July 2016, **ten** properties have been recovered through this project - these are included in the total of 48 Council properties recovered in 2016/17. It is expected that further properties may potentially be recovered as a result of this project. In addition, there have been sixteen cases of concern referred to social workers and tenancy management officers for a review of the vulnerability of a tenant.

The project has now been extended for the Fraud Team to accompany Gas Safety warrant officers as they undertake visits in Temporary Accommodation. As a result of these visits, one property has been identified as both a case of concern and potential recovery.

12.3.2 Tenancy Block Visits

Feedback from HfH officers highlighted potential fraud risks in key sites (tenancy blocks) across the borough. It was agreed that the Fraud Team would undertake a pro-active tenancy fraud project focused on individual tenancy blocks to identify any properties that may be sub-let. The Fraud Team obtained a report on key housing stock sites which used data matching to identify potential sub-let properties. The Fraud Team identified Stellar House and Northolt House as blocks which required further investigation.

In July 2016, the Fraud Team carried out visits to all 93 tenanted addresses in Stellar House. The Fraud Team identified **six** tenancies where access was not given, or obtained. All six tenants have been served with an NTQ by HfH's tenancy management team; one property is being recovered and a further two have been passed to the Council's Legal Services for recovery proceedings to commence.

In February 2017, the Fraud Team carried out visits to 91 tenanted addresses in Northolt. Further follow up visits were undertaken and the Fraud Team identified **six** tenancies where access was not given, or obtained. All six tenants in Northolt have been served with an NTQ by HfH's tenancy management team and the Fraud Team will monitor the cases through any legal proceedings.

12.3.3 No Recourse to Public Funds (NRPF)

No Recourse to Public Funds (NRPF) is an immigration condition restricting access to public funds, including benefits such as welfare and housing. Families and individuals may have a right to financial support (accommodation and subsistence) if certain statutory needs are identified. In these cases, the local authority has a duty to support the accommodation and subsistence costs of residents with NRPF.

These cases are often complex to identify, assess and resolve and unpredictable in terms of how much they cost and how long they last. The Council receive no funding to support this work and so have a dedicated NRPF team to provide accommodation and subsistence and to liaise with the Home Office to make sure that immigration queries are resolved as quickly as possible.

In 2016/17, the Fraud Team have worked with the NRPF Team to be more proactive and, in addition to re-active referrals, the Fraud Team now attend the initial assessment interview with the applicant to review all information provided to support their application. This is to prevent any NRPF claimant who is not eligible from obtaining funds fraudulently. As a result, this approach has led to either an application being refused support from the outset, or accommodation, or subsistence support being withdrawn in **ten** cases. There is also one identified instance of a Judicial Review (JR) being withdrawn. As a result of the new approach, Legal Services have confirmed that there has been a reduction in the number of new Judicial Review s (JR) applications in relation to NRPF.

The average cost of NRPF support per family based on accommodation and subsistence for a two child household is estimated to cost the Council approximately £20,000 a year. The Fraud Team will continue to work with the NRPF Team to develop processes to identify and prevent fraud.

12.4 Right-to-buy (RTB) applications

In 2016/17, the Fraud Team has approximately 300 ongoing applications under investigation. The team reviews every RTB application to ensure that any property where potential benefit or succession fraud is indicated can be investigated further.

In the fourth quarter, 30 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.

12.5 Financial Values 2016/17

Tenancy Fraud – council stock and temporary accommodation: The Audit Commission valued the recovery of a tenancy, which has previously been fraudulently occupied, at an annual value of £18,000, mainly relating to average Temporary Accommodation (TA) costs. No new national indicators have been produced; therefore although this value is considered low compared to potential TA costs if the property has been identified as sub-let for several years, Audit and Risk Management continue to use this figure of £18k per property for reporting purposes.

In 2016/17 to date, **48** council stock properties and **three** temporary accommodation property have been recovered through the actions and investigations of the Fraud Team; therefore **a total value of £918k** can be attributed to the recovery, or cessation, of fraudulent council and temporary accommodation tenancies.

No Recourse to Public Funds: Overall, the 10 NRPF applications refused or stopped represent **over £200k** in potential expenditure; and means the available funds are used to support applicants who are eligible.

Right to Buy Fraud: Overall, the 100 RTB applications withdrawn or refused represent **over £10.39m** in potential RTB discounts; and means the properties are retained for social housing use.

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IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED AND CONCLUDED 01/04/16 – 31/03/17 (Q4)

| Directorate | Irregularity Type | No. of cases investigated | No. of cases proven at 31/3/2017 | No. of Officers subject to Disciplinary Investigation | Disciplinary Outcome | Value (£) (if known) |
|-------------------------|---|---------------------------|----------------------------------|---|------------------------------|----------------------|
| Chief Operating Officer | Allegation of bribery | 1 | 0 | 0 | N/A | |
| Chief Operating Officer | Alleged misuse of position | 1 | 0 | 0 | N/A | |
| Chief Operating Officer | Alleged misuse of position | 1 | 0 | 0 | N/A | |
| Chief Operating Officer | Alleged misuse of Council resources | 1 | 1 | Referred to Service Management | N/A | |
| Chief Operating Officer | Allegation of bribery/ misuse of Council's IT | 1 | 1 | Referred to Service Management | N/A | |
| Chief Operating Officer | Alleged misuse of position | 1 | 0 | 0 | N/A | |
| Chief Operating Officer | Alleged misuse of Council resources | 1 | 1 | 1 | Dismissed Appeal rejected | |
| Adult Social Services | Alleged misuse of Council resources | 1 | 1 | 1 | Final Written Warning | |
| Chief Operating Officer | Allegation of Bribery | 1 | 0 | 0 | N/A | |
| Deputy Chief Executive | Alleged misuse of position | 1 | 1 | 1 | Resigned | |
| Deputy Chief Executive | Alleged misuse of position | 1 | 1 | 1 | Resigned | |
| Corporate Governance | Alleged misuse of position | 1 | 1 | 1 | Resigned | |
| Chief Operating Officer | Theft | 1 | 1 | 1 | Resigned | |
| Chief Operating Officer | Allegation of bribery | 1 | 1 | 1 | Final Written Warning | |
| Chief Operating Officer | Alleged misuse of position | 1 | 1 | 1 | Resigned | |
| Chief Operating Officer | Alleged misuse of Council resources | 1 | 1 | 1 | Resigned | |
| TOTAL | | 16 | 11 | 9 | 9 | |

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LONDON BOROUGH OF HARINGEY

Audit Progress Report

July 2017



INTRODUCTION

Background

This report is intended to provide the Corporate Committee with an outline of our progress against our proposed work for 2016/17.

The Local Audit and Accountability Act 2014 makes the Comptroller and Auditor General for the National Audit Office responsible for the preparation, publication and maintenance of the Code of Audit Practice.

The Code sets out what local auditors are required to do to fulfil their statutory responsibilities under the Act:

Audit of the financial statements

- to be satisfied that the accounts present a true and fair view, and comply with the requirements of the enactments that apply to them
- to be satisfied that proper practices have been observed in the preparation of the accounts

Value for money arrangements

- to be satisfied that the organisation has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources

Other assurance work

- grant certification assurance on the housing benefit subsidy claim.

Tracking progress




In order to allow you to track our progress, where work has been completed and previously reported to you we have 'greyed' out the text.

The key completion and reporting dates are also noted in the following tables.




Progress to date

We have assessed whether the arrangements put in place by the Council will allow us to complete our work by the expected deadlines and whether there are any issues that are likely to have a significant impact on our ability to provide unmodified audit reports and opinions.

This is included as a 'RAG' assessment in the report.

| ASSESSMENT | | EXPLANATION |
|------------|---|---|
| RED |  | Unlikely to be able to meet reporting deadlines, significant concerns over governance or finance, or expected modification of audit report or opinion. |
| AMBER |  | Some concerns around meeting reporting deadlines, some concerns over governance or finance, or potential risk of modification of audit report or opinion. |
| GREEN |  | On target to meet deadlines and no current concerns over governance or finance. |
| | TBC | Work not yet started or sufficiently progressed to include a 'RAG' assessment |

AUDIT PROGRESS 2016/17

| AUDIT AREA | SCOPE | PROGRESS | REPORTS / OUTPUTS | RAG |
|-----------------------------|---|---|--|---|
| PLANNING | | | | |
| Planning letter | We are required to provide you with a planning letter setting out the scope of the audit for the year and the proposed fees set by Public Sector Audit Appointments Limited (PSAA). | <p>We issued our planning letter and the proposed fees for the Code audit are £206,475.</p> <p>We estimate that the fees for the grant certification review of the Housing Benefit Subsidy Claim will be £38,223.</p> | <p>Planning Letter</p> <p>Issued April 2016.</p> |  |
| Audit plan | We are required to report to you the results of our detailed audit planning and the proposed audit response to significant audit risks ahead of commencement of the audit work. | We presented our audit plan to the Corporate Committee on 21 March 2017. | <p>Audit Plan</p> <p>Issued March 2017.</p> |  |
| FINANCIAL STATEMENTS | | | | |
| Interim visit | Audit of the significant financial systems that support the financial statements to be completed before draft accounts are prepared. | Interim review completed. | Additional work to be undertaken at the final audit visit to review the bank reconciliations that were not available at the interim audit. |  |

AUDIT PROGRESS 2016/17


| AUDIT AREA | SCOPE | PROGRESS | REPORTS / OUTPUTS | RAG |
|--|---|---|---|---|
| FINANCIAL STATEMENTS (continued) | | | | |
| Final audit visit | <p>Audit of the draft financial statements to determine whether these give a true and fair view and have been prepared in accordance with the CIPFA's Code of Practice.</p> <p>The audit also includes a review of the annual governance statement.</p> | <p>Draft Statement of Accounts and financial statements were provided for audit on 26 June.</p> <p>An initial review of the financial statements will take place from 10 July and the final audit testing will commence on 17 July.</p> | <p>Audit Completion Report</p> <p>The findings of our audit on the financial statements will be reported to the Corporate Committee on 21 September.</p> <p>Auditor's report</p> <p>The opinion on the financial statements will be included in the auditor's report and issued following the Corporate Committee's approval of the financial statements.</p> | <p>TBC</p> <p>September 2017</p> <p>Deadline</p> <p>30 September 2017</p> |
| Whole of Government Account (WGA) schedules audit | We are required to provide an opinion whether the Council's WGA consolidation pack is consistent with the financial statements. | Review to be undertaken during the financial statements audit at the final audit visit. | <p>Opinion on the WGA consolidation schedules</p> <p>The opinion on the consistency of the consolidation pack will be issued following the Corporate Committee's approval of the financial statements.</p> | <p>TBC</p> <p>September 2017</p> <p>Deadline</p> <p>30 September 2017</p> |
| USE OF RESOURCES | | | | |
| Review of arrangements to secure economy, efficiency and effectiveness | We are required to be satisfied that the organisation has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. | <p>Initial review of the Council's arrangements for financial planning undertaken.</p> <p>Detailed review to commence from 10 July.</p> | <p>Audit Completion Report</p> <p>The findings of our review of use of resources will be reported to the Corporate Committee on 21 September.</p> <p>Auditor's report</p> <p>The conclusion on use of resources will be included in the auditor's report and will be issued following the Corporate Committee's approval of the financial statements.</p> | <p>TBC</p> <p>September 2017</p> <p>Deadline</p> <p>30 September 2017</p> |

AUDIT PROGRESS 2016/17

| AUDIT AREA | SCOPE | PROGRESS | REPORTS / OUTPUTS | RAG |
|---|--|--|---|--|
| Haringey Development Vehicle | <p>Auditors are expected to review arrangements where a local authority is planning significant outsourcing, transfer to alternative delivery models, partnerships or joint ventures, and significant capital projects.</p> <p>We have received numerous contacts from members of the public regarding the Haringey development Vehicle.</p> <p>We will review the advice obtained by the Council regarding the legality of the proposal and the financial due diligence undertaken.</p> | This review is currently in progress. | <p>We will report to management any concerns that we have regarding:</p> <ul style="list-style-type: none"> • appropriate use of powers and due process • legal due diligence undertaken • financial due diligence undertaken • risk management • proposed governance arrangements. | TBC |
| GRANTS AND RETURNS | | | | |
| Review of the Housing Benefit Subsidy claim | <p>Additional work requested by DWP in response to errors in the 2015/16 housing benefits subsidy claim.</p> <p>To review and submit the Housing Benefit Subsidy grant claim in accordance with the PSAA HBCOUNT arrangements by 30 November 2017.</p> | <p>Work completed and results reported to DWP.</p> <p>DWP responded on 19 June with final settlement.</p> <p>Samples to be selected and tested on receipt of draft 2016/17 claim and claim breakdowns.</p> | <p>The initial testing identified a significant number of errors that reduced subsidy claimable by £1.489 million (including £1.031 million from exceeding the local authority error cap).</p> <p>Additional work reduced the loss by £1.139 million to £349,550 (and local authority errors fell within the upper threshold cap).</p> <p>Housing Benefit Subsidy grant claim to be audited and submitted by 30 November 2017 deadline.</p> | <p>G</p> <p>TBC</p> |
| Grants report | Summary of our certification work completed on 31 March 2017 claims. | To be drafted after certification work concluded. | <p>Grants Report</p> <p>The key findings from our work will be reported to the Corporate Committee.</p> | <p>Deadline</p> <p>After completion of certification work</p> |

AUDIT PROGRESS 2016/17

| AUDIT AREA | SCOPE | PROGRESS | REPORTS / OUTPUTS | RAG |
|--|--|---|--|------------------------------------|
| OBJECTIONS | | | | |
| Income raised from parking charges on housing land | Objection remains open from the 2014/15 accounts regarding the use of Penalty Charge Notice (PCNs) on housing land and the legality of this income. | Work to be completed by Grant Thornton. | Upon completion of the review, Grant Thornton to issue a statement of reasons and whether to exercise the use of auditor powers. | TBC |
| Legality of LOBOs | Objection remains open from the 2015/16 accounts regarding the reasonableness of the decision to take borrowing through Lender Option Borrowing Option (LOBOs) in 2003 and 2004. | Work complete and provisional view report to be drafted. | Upon completion of the review, to issue a statement of reasons and whether to exercise the use of auditor powers. | TBC |
| REPORTING | | | | |
| Audit certificate | To certify the completion of the audit at the point that the auditor's responsibilities in respect of the audit of the period covered by the certificate have been discharged. | To be issued on completion of the audit of the financial statements and review of the arrangements to secure economy, efficiency and effectiveness. | Audit certificate The audit certificate to close the audit for the year will be included in the auditor's report. | Subject to clearance of objections |
| Annual audit letter | Public-facing summary of audit work and key conclusions for the year. | Annual audit letter to be drafted upon completion of audit work. | Annual audit letter The key findings from our audit will reported in the annual audit letter. | Deadline 31 October 2017 |



The matters raised in our report prepared in connection with the audit are those we believe should be brought to the attention of the organisation. They do not purport to be a complete record of all matters arising. No responsibility to any third party is accepted.

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