

## NOTICE OF MEETING

# CORPORATE COMMITTEE

**Thursday, 22nd March, 2018, 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, Reg Rice, Viv Ross, Raj Sahota and Ali Gul Ozbek

**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 )

### 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 - 6)**

To consider and agree the minutes of the meeting held on 30 January 2018.

**7. EXTERNAL AUDIT PLAN 2017/18 (PAGES 7 - 28)**

Report of the External Auditor

**8. GRANTS REPORT 2016/17 (PAGES 29 - 40)**

Report of the External Auditor

**9. LOCAL GOVERNMENT OMBUDSMAN FINDING (PAGES 41 - 58)**

Report of the Director of Housing and Growth notifying the Committee of a complaint made to the Local Government & Social Care Ombudsman.

**10. THE ANNUAL INTERNAL AUDIT PLAN AND INTERNAL AUDIT STRATEGY 2018/19 (PAGES 59 - 68)**

Report of the Assistant Director, Corporate Governance for the Committee to review and approve the draft internal audit plan for 2018/19, together with the internal audit strategy.

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

To consider any items admitted at item 2 above.

Susan John, Principal Committee Co-ordinator

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Bernie Ryan

Assistant Director – Corporate Governance and Monitoring Officer

River Park House, 225 High Road, Wood Green, N22 8HQ

Wednesday, 14 March 2018

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## **MINUTES OF THE MEETING OF THE CORPORATE COMMITTEE HELD ON TUESDAY, 30TH JANUARY, 2018, 7.00 pm**

**PRESENT: Councillors Barbara Blake (Chair), Gina Adamou, Charles Adje, Patrick Berryman, Isidoros Diakides, Reg Rice and Viv Ross**

### **189. 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.

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

Apologies for absence were received by Cllr Engert.

### **191. URGENT BUSINESS**

There were no such items.

### **192. DECLARATIONS OF INTEREST**

There were no declarations of interest.

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

There were no such items.

### **194. MINUTES**

#### **RESOLVED**

That the minutes of the Corporate Committee held on 30 November 2017 be approved as a correct record and signed by the chair.

### **195. TREASURY MANAGEMENT QUARTER 3 UPDATE**

The Committee considered the mid-year report on Treasury Management, presented by Thomas Skeen, Head of Pensions. The report gave an update on the Council's treasury management activities and performance in the nine months to 31 December 2017 in accordance with the CIPFA Treasury Management Code of Practice.

The key messages from the report were that:

- At 31/3/2017 the Council's underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) was £575.2m. The Council had £347.0m of external borrowing and

- £18.6m of investments.
- At 31/12/2017 the Council held £307.9m of long term loans, (an increase of £37.2m on 31/3/2017), as part of its strategy for funding previous years capital programmes. The Councils underlying need to borrow will grow further in coming years due to the Councils capital programme. The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. Cashflow forecasts indicated that during 2017/18 the Councils investment balances would range between £0 and £50 million.
  - The Council holds £125m of LOBO (Lenders Option Borrowers Option) loans.
  - The Council confirms compliance with its Prudential Indicators for 2017/18, which was set in February 2017 as part of the Councils Treasury Management Strategy Statement.

## **RESOLVED**

That members note the Treasury Management activity undertaken during the three months to 31 December 2017 and the performance achieved.

### **196. TREASURY MANAGEMENT STRATEGY STATEMENT**

The Committee considered the report as presented by Thomas Skeen, Head of Pensions. It was explained that the CIPFA Treasury Management Code of Practice requires all local authorities to agree a Treasury Management Strategy Statement including an Investment Strategy annually in advance of the financial year. Mr Skeen notified the Committee that the report had been considered by the Overview & Scrutiny Committee the previous evening and following from recommendation from Corporate Committee would then be presented at Full Council for approval. It was noted that the strategy had not changed from previous years and that the overall aim was to keep cash balances and borrowing, as low as possible.

The Committee next considered the comments passed on from the Overview & Scrutiny Committee who requested that information regarding the revenue implications of capital decisions be provided for the Corporate Committee. These figures were noted by the members.

The Committee also discussed the request for the half year treasury performance update report to be presented at Overview & Scrutiny. It was agreed that this would be a good idea but the point was highlighted that treasury management was the responsibility of the Corporate Committee.

While considering the updated strategy statement it was agreed that an amendment would be made under section 4.7. When referencing the sources of long & short-term borrowing the fourth bullet point should be amended to read “ UK public/private sector pension funds (except Haringey Pension Fund and the London CIV)”. It was agreed that this change would be reflected in the final statement presented to Full Council for approval.

**Action: Head of Pensions**

**RESOLVED**

That the proposed Treasury Management Strategy Statement for 2018/19 to 2020/21 is agreed and recommended to Full Council for final approval.

**197. HALF YEAR COMPLAINTS REPORT**

Anita Hunt, Feedback & Information Governance Manager presented the report providing an update on complaints performance. It was explained that an update was usually received by the Overview & Scrutiny Committee who requested that it also be presented to the Corporate Committee.

The Committee discussed the various issues faced by the complaints department within the Council. One of these issues was the members concern that the quality of the member enquiry service had declined. It was noted that it could take up to a week for members to receive acknowledgement which was not acceptable considering that the public contact their ward councillors when a situation has reached a desperate stage and therefore requires quick action. It was highlighted that numerous matters being raised via member enquiries could be dealt with using better Council resources like the app. It was agreed that an email is to be sent to all members regarding use of the app when dealing with complaints and enquires from the public.

**ACTION: Feedback & Information Governance Manager**

While considering the ombudsman annual letter the Committee raised questions regarding the reports of maladministration. Anita Hunt described the process involved in reporting such cases and explained that many of the issues surrounded record keeping rather than the handling of the case. It was agreed that there was a general concern over the lack of resources in this service area.

It was noted that a review of the processes, systems and team structures was being conducted to identify areas for improvement. Although it was reported that the findings from this review would be presented to the Councils Senior Leadership Team in January 2018 the Committee were advised that this had not yet happened.

The Committee also discussed the frequency of this report being reported to Corporate. It was agreed that quarterly updates would be best as this allows for issues to be addressed at the time rather than retrospectively. It was agreed that this should be sent out to members of the Committee in the same manner as the internal audit reports.

**ACTION: Feedback & Information Governance Manager**

**RESOLVED**

That the Committee note the contents of the report for information.

**198. INTERNAL AUDIT PROGRESS REPORT QUARTER 3**

The Committee considered the Internal Audit Progress Report 2017/18 – Quarter 3, presented by Vanessa Bateman, Interim Head of Audit and Risk Management. The report set out progress on internal audit coverage relative to the approved internal audit plan, including the number of reports issued and finalised by Mazars, the Council's external audit provider, and provided a summary of the audit reports receiving an assurance rating of less than substantial that had been issued during the quarter, as well as an update on follow up work and progress on outstanding actions.

In response to a request made by the Committee at the last meeting, Jenni Plummer, Head of Operations in Adult Social Services was in attendance to answer questions on the A Team as this was an area of audit that was of concern to the Committee. Jenni Plummer gave an overview of the work done by the A Team and updated the Committee on the progress of the audit recommendations that had been made. It was noted that eight of the twenty recommendations raised had been implemented and four had partly implemented.

It was agreed that the Committee would receive an update on the progress of the A Team at its next meeting.

**ACTION: Interim Head of Audit & Risk Management**

**199. COUNTER-FRAUD UPDATE QUARTER 3**

The Committee considered the Counter Fraud Update report 2017/18, quarter 3, as presented Vanessa Bateman, Interim Head of Audit & Risk Management. The report detailed the pro-active and reactive investigative work undertaken by the in house counter fraud team. These investigations included work in such areas as tenancy fraud, gas safety-execution of warrant visits, tenancy block visits and Right to Buy. The Committee noted the outcome of these investigations.

It was noted that there had been one referral made using the Councils Whistleblowing Policy but this was managed by the Head of Audit & Risk Management with a report issued to the Chief Executive.

The Committee raised the question as to the amount of tenancy frauds reported in the Love Lane area. It was agreed that this information would be distributed to the Committee Members.

**ACTION: Fraud Manager**

**RESOLVED**

That the Corporate Committee note the counter-fraud work completed in the quarter to 31 December 2017.



**200. RISK MANAGEMENT POLICY AND CORPORATE RISK REGISTER**

Vanessa Bateman, Interim Head of Audit & Risk Management presented the report which provides a review of the corporate risk management policy, the risk management strategy and the corporate risk register.

It was noted that both the policy and strategy had been updated to incorporate changes to the Council's structure and reporting arrangements.

While discussing the corporate risk register, Leigh Lloyd-Thomas the Council's external auditor from BDO, suggested the Committee consider doing 'deep-dive' audits into specific areas of interest of internal audit controls. The Committee expressed their interest in exploring this.

**RESOLVED**

That the Corporate Committee:

- Review and approve the Corporate Risk Management Policy and associated Risk Management Strategy.
- Note the latest version of the corporate risk register.

**201. EXTERNAL AUDIT PROGRESS REPORT**

The Committee considered the external audit progress report as presented by Leigh Lloyd-Thomas of BDO.

It was noted that BDO's work on the 2016/17 pooling of housing capital receipts return identified that certain amounts of new-build expenditure had not been included in the return for the last three years. Mr Lloyd-Thomas reported that the Department for Communities & Local Government had agreed to re-open prior year returns in order to record actual eligible expenditure. This expenditure is now being audited.

**RESOLVED**

The Corporate Committee noted the audit coverage and follow up work completed.

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

There were no items of urgent business.

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

Thursday 22<sup>nd</sup> March 2018.

CHAIR: Councillor Barbara Blake

Signed by Chair .....

Date .....

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# LONDON BOROUGH OF HARINGEY

AUDIT PLAN TO THE CORPORATE COMMITTEE  
Audit for the year ending 31 March 2018

8 March 2018



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# INTRODUCTION

## PURPOSE AND USE OF OUR REPORT

The purpose of this report is to highlight and explain the key issues which we believe to be relevant to the audit of the financial statements of the authority and consolidated entities (together the 'Group') and use of resources of the authority for the year ending 31 March 2018. It forms a key part of our communication strategy with you, a strategy which is designed to promote effective two-way communication throughout the audit process. Planning is an iterative process and our plans, reflected in this report, will be reviewed and updated as our audit progresses.

As auditors we are responsible for performing our audit in accordance with International Standards on Auditing (UK) which provide us with a framework which enables us to form and express an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management nor those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. As the purpose of the audit is for us to express an opinion on the Council's financial statements for the year ending 31 March 2018, you will appreciate that our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist. As part of our work, we consider internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work is not for the purpose of expressing an opinion on the effectiveness of internal control.

This report has been prepared solely for the use of the Corporate Committee. In preparing this report, we do not accept or assume responsibility for any other purpose, or to any other person, except when expressly agreed by our prior written consent. If others choose to rely on the contents of this report, they do so entirely at their own risk.

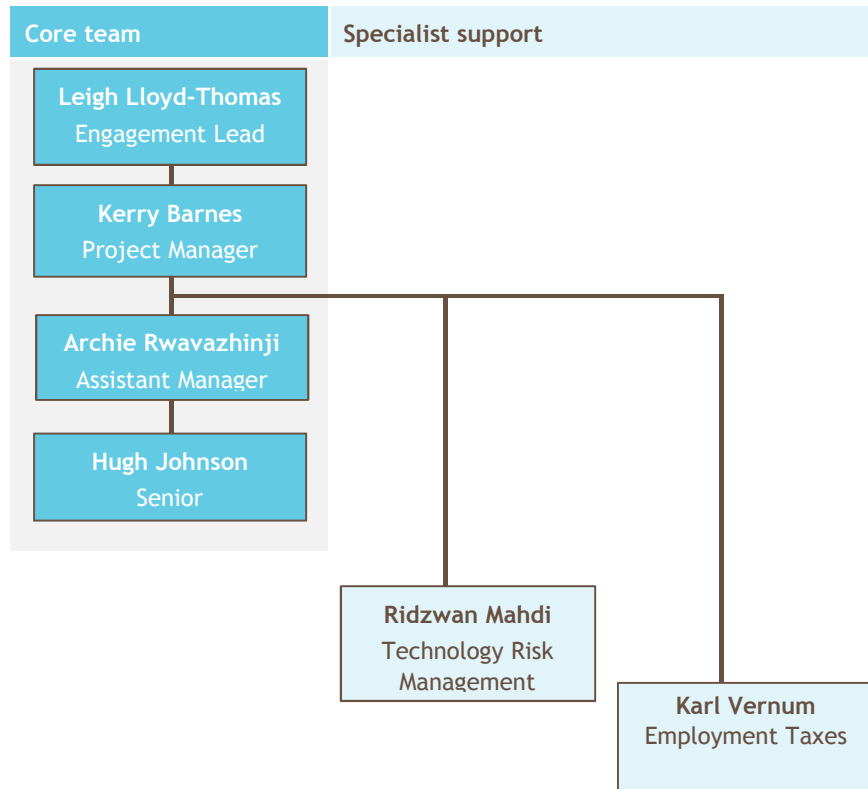
## AUDIT QUALITY

BDO is totally committed to audit quality. It is a standing item on the agenda of BDO's Leadership Team who, in conjunction with the Audit Stream Executive (which works to implement strategy and deliver on the audit stream's objectives), monitor the actions required to maintain a high level of audit quality within the audit stream and address findings from external and internal inspections. BDO welcome feedback from external bodies and is committed to implementing all necessary actions to address their findings.

We recognise the importance of continually seeking to improve audit quality and enhancing certain areas. Alongside reviews from a number of external reviewers, the AQR (the Financial Reporting Council's Audit Quality Review team), QAD (the ICAEW Quality Assurance Department), the PCAOB (Public Company Accounting Oversight Board who oversee the audits of US public companies) and CPAB (Canadian Public Accountability Board), the firm undertakes a thorough annual internal Audit Quality Assurance Review and as member firm of the BDO International network we are also subject to a quality review visit every three years. We have also implemented additional quality control review processes for audits of listed companies and public interest entities.

More details can be found in our latest Transparency Report at [www.bdo.co.uk](http://www.bdo.co.uk).

# YOUR BDO TEAM



Name	Contact details	Key responsibilities
<b>Leigh Lloyd-Thomas</b> Engagement Lead	Tel: 020 7893 2616 leigh.lloyd-thomas@bdo.co.uk	Oversee the audit and sign the audit report
<b>Kerry Barnes</b> Project Manager	Tel: 020 7893 3837 kerry.l.barnes@bdo.co.uk	Management of the audit
<b>Archie Rwavazhinji</b> Assistant Manager	Tel: 014 7332 0700 archford.rwavazhinji@bdo.co.uk	Day to day management and supervision of the audit
<b>Hugh Johnson</b> Senior	Tel: 020 7893 2551 hugh.johnson@bdo.co.uk	Day to day supervision of the on-site audit
<b>Ridzwan Mahdi</b> Technology Risk Assistant Manager	Tel: 020 7893 3126 ridzwan.x.mahdi@bdo.co.uk	Manage IT review for audit purposes
<b>Karl Venum</b> Employment Tax Manager	Tel: 020 7893 3549 karl.venum@bdo.co.uk	Manage employment tax review for audit purposes

Leigh is the engagement lead and has the primary responsibility to ensure that the appropriate audit opinion is given on the financial statements and use of resources.

In meeting this responsibility, he will ensure that the audit has resulted in obtaining sufficient and appropriate evidence to provide reasonable, but not absolute, assurance that:

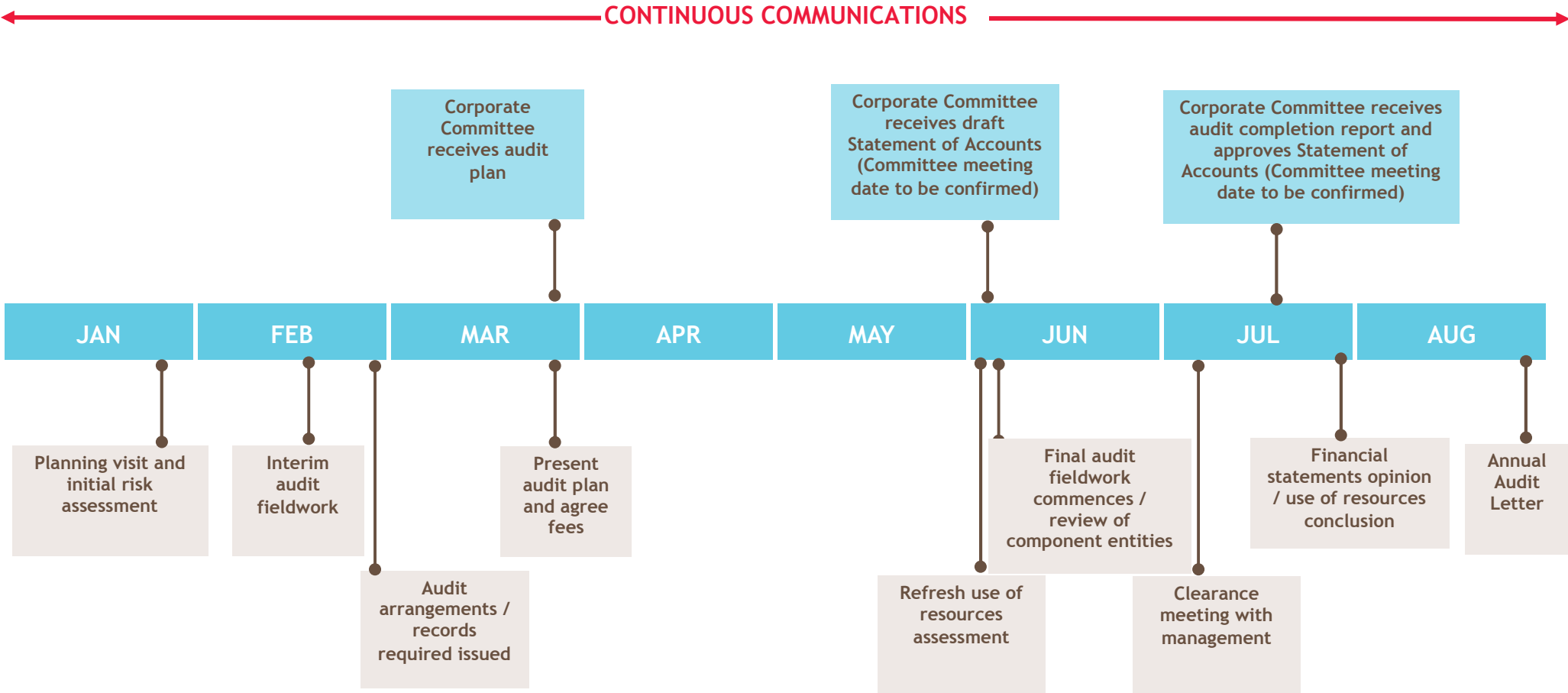
- the financial statements are free from material misstatement, whether due to fraud or error
- the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

He is responsible for the overall quality of the engagement.

# ENGAGEMENT TIMETABLE

## TIMETABLE

The timeline below identifies the key dates and anticipated meetings for the production and approval of the audited financial statements and completion of the use of resources audit.



# AUDIT SCOPE AND OBJECTIVES

SCOPE AND OBJECTIVES							
Our audit scope covers the audit in accordance with the NAO Code of Audit Practice, International Standards on Auditing (UK) and other guidance issued by the NAO.							
To form an opinion on whether:							
FINANCIAL STATEMENTS		OTHER INFORMATION	WGA CONSOLIDATION	USE OF RESOURCES			
1	The financial statements give a true and fair view of the financial position of the group and authority and its expenditure and income for the period in question.	3	Other information published together with the audited financial statements is consistent with the financial statements (including the governance statement).	4	The return required to facilitate the preparation of WGA consolidated accounts is consistent with the audited financial statements.	5	The authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
ADDITIONAL POWERS AND DUTIES							
6	Where appropriate: To consider the issue of a report in the public interest.  To make a written recommendation to the authority.	7	To allow electors to raise questions about the accounts and consider objections.  Where appropriate, to apply to the court for a declaration that an item of account is contrary to law.  Where appropriate, to consider whether to issue an advisory notice or to make an application for judicial review.				



# MATERIALITY

GROUP AND COMPONENT MATERIALITY		
	MATERIALITY	CLEARLY TRIVIAL THRESHOLD
Group	£16,400,000	£500,000
Significant components:		
• Council	£16,100,000	£500,000
Non-significant components:		
• Homes for Haringey Ltd	n/a	n/a
• Alexandra Park and Place Charitable Trust	n/a	n/a

Please see Appendix I for detailed definitions of materiality and triviality.

Planning materiality for the group and the Council has been based on 1.5% of the budgeted gross expenditure. At this stage, the figure is based on the average gross expenditure over the past two years. This will be revisited when the draft financial statements are received for audit.

Component materiality is set for those entities where component auditors perform an audit or a review for purposes of the group audit. The local materiality applied for the statutory audit of the component financial statements, where required, cannot exceed the component materiality and is likely to be lower than the component materiality set as part of the group audit. We understand that the component auditor has agreed materiality at levels significantly below our Group materiality level.

The clearly trivial amount is based on 3% of the materiality level of both the Council and the group.

Our usual benchmark for clearly trivial misstatements is 2% of materiality (£328,000). Management has stated that, in its view, misstatements (other than fraud) below £500,000 would be considered as trivial in terms of the Group and Council's gross expenditure. Members of the Corporate Committee should draw to our attention any concerns in this matter.

# OVERALL AUDIT STRATEGY

## We will perform a risk based audit on the group and authority's financial statements and the authority's use of resources

This enables us to focus our work on key audit areas.

Our starting point is to document our understanding of the group, authority and other component entities' businesses and the specific risks it faces. We discussed the changes to the businesses and management's own view of potential audit risk during our planning visit in order to gain an understanding of the activities and to determine which risks impact on our audit. We will continue to update this assessment throughout the audit.

For the financial statements audit, we also confirm our understanding of the accounting systems in order to ensure their adequacy as a basis for the preparation of the financial statements, group-wide controls and the consolidation process, and that proper accounting records have been maintained.

For the use of resources audit, we consider the significance of business and operational risks insofar as they relate to 'proper arrangements', including risks at both sector and authority-specific level, and draw on relevant cost and performance information as appropriate.

We then carry out our audit procedures in response to audit risks.

## Approach to components of the group financial statements

Our approach is designed to ensure we obtain the requisite level of assurance across the whole group.

We are aware that there is some uncertainty whether local authority controlled companies are able to take advantage of the size and threshold exemptions for audit or whether the requirement for audit remains in place where the authority itself is preparing consolidated accounts. It is our understanding that local authority controlled companies are not able to take advantage of the audit exemption.

Total coverage is expected to be as shown opposite.

SCOPE	EXPENDITURE COVERAGE 2017/18	NET ASSETS 31/3/17	EXPENDITURE COVERAGE 2016/17	NET ASSETS 31/3/17
Full scope procedures	£TBC	£TBC	£1,059m	£1,282m
Desktop review	£TBC	£TBC	£7m	£24m
<b>Total</b>	<b>£TBC</b>	<b>£TBC</b>	<b>£1,066m</b>	<b>£1,306m</b>

Coverage for 2017/18 will be updated once draft financial statements have been provided.

## New Auditing Standards from 2017/18

This is the first year of application of a revised set of International Standards on Auditing (ISAs) applicable to the UK. These include enhanced requirements in respect of the audit of disclosures, other information published with the accounts and of going concern, as well as changes to the structure and content of the audit opinion.

# OVERALL AUDIT STRATEGY

## Group matters

COMPONENT NAME	% GROUP EXPENDITURE	% GROUP NET ASSETS	COMPONENT AUDITOR	OVERVIEW OF WORK TO BE PERFORMED	OVERVIEW OF THE NATURE OF OUR PLANNED INVOLVEMENT IN THE WORK PERFORMED BY THE COMPONENT AUDITOR
Full scope procedures:					
Council	>99%	>98%	BDO UK	Code audit of the financial statement prepared under CIPFA Code of Practice on Local Authority Accounting.  Including a review of the valuation of Alexandra Palace required for the inclusion in the group financial statements, not included at valuation in the Charity's financial statements.	Undertaken by the group audit team
Desktop review:					
Homes for Haringey Ltd	<1%	<(1%)	PwC LLP	Analytical review of consolidation pack / financial statements prepared by the component entity assessed against expectations and prior year amounts.  Specific review of the calculation of the pension fund liability prepared by the actuary and agreement of management fee income against the Council's expenditure.	N/A
Alexandra Park and Palace Charitable Trust	<1%	<3%	haysmacintyre	Analytical review of consolidation pack / financial statements prepared by the component entity assessed against expectations and prior year amounts.	N/A

# OVERALL AUDIT STRATEGY

## Risks and planned audit responses

For the financial statements audit, under International Standard on Auditing 315 “Identifying and assessing the risks of material misstatement through understanding the entity and its environment”, we are required to consider significant risks that require special audit attention.

In assessing a risk as significant, we exclude the effects of identified controls related to the risk. The ISA requires us at least to consider:

- Whether the risk is a risk of fraud
- Whether the risk is related to recent significant economic, accounting or other developments and, therefore, requires specific attention
- The complexity of transactions
- Whether the risk involves significant transactions with related parties
- The degree of subjectivity in the measurement of financial information related to the risk, especially those measurements involving a wide range of measurement uncertainty
- Whether the risk involves significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual.

For the use of resources audit, the NAO has provided information on potential significant risks such as:

- Organisational change and transformation
- Significant funding gaps in financial planning
- Legislative or policy changes
- Repeated financial difficulties or persistently poor performance
- Information from other inspectorates and review agencies suggesting governance issues or poor service performance.

We consider the relevance of these risks to the authority in forming our risk assessment and audit strategy.

## Internal audit

We will ensure that we maximise the benefit of the overall audit effort carried out by internal audit and ourselves, whilst retaining the necessary independence of view.

We understand that internal audit reviews have been undertaken across a range of accounting systems and governance subjects. We will consider these reports as part of our audit and whether to place any reliance on internal audit work as evidence of the soundness of the control environment.

## Fraud risk assessment

We have discussed with management its assessment of the risk that the financial statements may be materially misstated due to fraud and the processes for identifying and responding to the risks of fraud.

Management believe that the risk of material misstatement due to fraud in the financial statements is low. Frauds identified in recent years include:

- Ineligible applications for right to buy discounts on Council properties
- Housing benefit and local council tax support claimants
- Misuse of public assets but without financial impact, such as tenancy sub-letting and blue badges.

Management consider that controls in operation would prevent or detect material fraud and the amounts lost due to fraud and misrepresentation in recent years has not been significant. We are informed by management that there have not been any cases of significant or material fraud to their knowledge.

The Corporate Committee has oversight of management’s processes for identifying and responding to the risks of fraud in the entity and the internal control that management has established to mitigate these risks. This is discharged through the reviews undertaken by internal audit and the Counter Fraud team.

To corroborate the responses to our inquiries of management, please let us know if there are any other actual, suspected or alleged instances of fraud of which you are aware.

# KEY AUDIT RISKS AND OTHER MATTERS

Key: ■ Significant risk ■ Normal risk

AUDIT RISK AREAS - FINANCIAL STATEMENTS			
RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Management override	<p>The primary responsibility for the detection of fraud rests with management. Their role in the detection of fraud is an extension of their role in preventing fraudulent activity. They are responsible for establishing a sound system of internal control designed to support the achievement of departmental policies, aims and objectives and to manage the risks facing the organisation; this includes the risk of fraud.</p> <p>Under auditing standards, there is a presumed significant risk of management override of the system of internal controls.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• Test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.</li> <li>• Review accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud.</li> <li>• Obtain an understanding of the business rationale for significant transactions that are outside the normal course of business for the entity or that otherwise appear to be unusual.</li> </ul>	Not applicable.
Revenue recognition	<p>Under auditing Standards there is a presumption that income recognition presents a fraud risk. For local authorities, the risks can be identified as affecting the existence of income.</p> <p>In particular, we consider there to be a significant risk in respect of the existence (recognition) of revenue and capital of grants that are subject to performance and / or conditions before these may be recognised as revenue in the comprehensive income and expenditure statement (CIES).</p> <p>We also consider there to be a significant risk in relation to the existence of fees and charges recorded in the CIES.</p>	<p>We will test a sample of grants subject to performance and / or conditions to confirm that conditions of the grant have been met before the income is recognised in the CIES.</p> <p>We will test a sample of fees and charges to ensure income has been recorded in the correct period and that all income that has been recorded should have been recorded.</p>	Government grant funding will be agreed to information published by the sponsoring Department.

# KEY AUDIT RISKS AND OTHER MATTERS

## Continued

AUDIT RISK AREAS - FINANCIAL STATEMENTS			
RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Land, buildings, dwellings and investment property valuations	<p>Local authorities are required to ensure that the carrying value of land, buildings, dwellings and investment properties are not materially different to existing use value for operational assets, or fair value for surplus assets and investment properties at the balance sheet date.</p> <p>The Council engage with Wilks Head and Eve (WHE) to carry out an annual valuation. In 2017/18, the valuation will be performed at 31 January 2018 and will be updated at the end of the year for any significant movements.</p> <p>There is a risk over the valuation of land, buildings, dwellings and investment properties where valuations are based on market assumptions or where updated valuations have not been provided for a class of assets at year-end.</p>	<p>We will review the valuer's skills and expertise in order to determine if we can rely on the management expert.</p> <p>We will confirm that the basis of valuation for assets valued in year is appropriate based on their usage. We will confirm that an instant build modern equivalent asset basis has been used for assets valued at depreciated replacement cost.</p> <p>We will review valuation movements against indices of price movements for similar classes of assets and follow up valuation movements that appear unusual against indices.</p>	We will review independent data that shows indices and price movements for classes of assets against the valuation movements applied by the Council.
Completeness and accuracy of the fixed assets register	During the 2016/17 audit we identified a number of errors in relation to the completeness and accuracy of the fixed assets register. The errors included duplications, omissions and incorrect treatment of some transactions.	<p>We will review the instructions and the detailed information provided by the Council to the valuer and perform procedures to confirm the accuracy and completeness of the information.</p> <p>We will compare the fixed assets register to the valuers' report and obtain reasons for discrepancies.</p> <p>We will test an increased sample of additions, disposals and revaluations to ensure that they have been accounted for correctly in accordance with the CIPFA code.</p>	Valuations reports provided by Wilks Head and Eve (WHE)

# KEY AUDIT RISKS AND OTHER MATTERS

## Continued

AUDIT RISK AREAS - FINANCIAL STATEMENTS			
RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Pension liability assumptions	<p>The net pension liability comprises the Council's and Homes for Haringey Limited's share of the market value of assets held in the London Borough of Haringey Pension Fund and the estimated future liability to pay pensions.</p> <p>An actuarial estimate of the pension fund liability is calculated by an independent firm of actuaries with specialist knowledge and experience. The estimate is based on the most up to date membership data held by the pension fund and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation when calculating the liability. There is a risk the valuation is not based on accurate membership data or uses inappropriate assumptions to value the liability.</p>	<p>As the auditors of the pension fund, we will review the controls for providing accurate membership data to the actuary.</p> <p>We will review the reasonableness of the assumptions used in the calculation against other local government actuaries and other observable data.</p>	We will use the PwC consulting actuary report provided to auditors for the review of the methodology of the actuary and reasonableness of the assumptions.
Transfer of assets from HRA to General Fund	<p>The Commercial Properties no longer required for housing purpose, were appropriated to the General Fund with effect from 1 July 2017, as per the Cabinet resolution of that date. The assets transferred consist largely of retail outlets on council owned housing developments with an approximate value of £26m.</p> <p>The historic classification as HRA was appropriate as the housing developments used to be occupied 100% by council tenants and the assets were purely for services provided to tenants. However, with the increased rates of private ownership of former council dwellings the assets are no longer required for housing purposes.</p>	<p>We shall assess the use of the assets to be transferred using both direct methods and through consultation with the valuer.</p> <p>We shall verify that the transfer is in accordance with the Code.</p>	Valuations reports provided by Wilks Head and Eve (WHE)

# KEY AUDIT RISKS AND OTHER MATTERS

## Continued

AUDIT RISK AREAS - FINANCIAL STATEMENTS			
RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Consideration of related party transactions	We need to consider if the disclosures in the financial statements concerning related party transactions are complete and accurate, and in line with the requirements of the accounting standards.	<p>We will document the related party transactions identification procedures in place and review relevant information concerning any such identified transactions.</p> <p>We will discuss with management and review councillors and Senior Management declarations to ensure there are no potential related party transactions which have not been disclosed. This is something we will require you to include in your management representation letter to us.</p>	Companies House searches for undisclosed interests.
Allowance for non-collection of receivables	<p>The Council's bad and doubtful debt impairment provision on aged debt is determined for each income stream using available collection rate data. The significant provisions include council tax arrears, non-domestic rates arrears, housing benefit overpayments, housing rent arrears and parking PCNs.</p> <p>There is a risk that the provisions may not accurately reflect collection rates based on age or debt recovery rates for that income stream.</p>	We will review the provision model for significant income streams and debtor balances to assess whether it appropriately reflects historical collection rates by age of debt or arrears.	Not applicable.
The remapping of the prior year CIES	<p>The Code requires the CIES is consistent with the internal reporting within the Council. During the year the main headings used for reporting expenditure internally have changed. The headings used on the CIES will therefore need to change and the 2016/17 figures will need to be restated.</p> <p>There is a risk that these presentational changes in 2016/17 may not be correctly applied in the financial statements.</p>	<p>We will confirm that the analysis by service line in the CIES is consistent with the internal reporting within the Council.</p> <p>We will review the restatement of the comparative 2016/17 information to ensure that this is presented consistently with the current year basis.</p>	Not applicable.



# KEY AUDIT RISKS AND OTHER MATTERS

## Continued

AUDIT RISK AREAS - USE OF RESOURCES			
RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Sustainable finances	At month 9, the Council projected a full-year revenue deficit of £3.7 million for 2017/18. The General Fund is projecting an overspend of £5.4 million and there is a projected underspend in HRA of £1.7 million. Overspend exists in demand-led areas including: Adults (£2.9 million), Children's (£3.8 million) and Temporary Accommodation (£0.8 million).	We will review the assumptions used in the Medium Term Financial Strategy and assess the reasonableness of the cost pressures and the amount of Government grant reductions applied.	Not applicable.
	A number of mechanisms have been put in place to manage cost/demand-led pressures that focus on the acceleration of transformation activities and in-year cost reductions.	We will monitor the delivery of the budgeted savings in 2018/19 and the plans to reduce services costs and increase income from 2018/19.	
	The refreshed Medium Term Financial Strategy (MTFS) covers a five-year period from 2018/19 to 2022/23. The refreshed MTFS shows the need for additional yet unidentified savings of £7m in 2019/20, over and above those planned, and this rises by a further £0.9m by 2021/22. This is due to improved baseline funding announced in the provisional finance settlement, the full impact of the MRP savings and a reduction in the estimated cost of levies.	We will also review the strategies to close the budget gap in the coming years.	
	The MTFS has taken into account a council tax freeze from 2018/19 plus a 3% increase in the council tax precept to contribute to adult social care funding. The increase in the precept is expected to raise £2.7 million. The MTFS also incorporates increased revenue as a result of the London Business Rate Pilot (likely to benefit by £3 million annually by 2020/21), as well as a 2% increase in pay inflation and 1% rent reduction for General Needs Homes for council tenants.		
	(continued)		

# KEY AUDIT RISKS AND OTHER MATTERS

## Continued

AUDIT RISK AREAS - USE OF RESOURCES			
RISK	DESCRIPTION	PLANNED AUDIT RESPONSE	EXTERNAL DATA TO BE USED TO CORROBORATE AUDIT EVIDENCE
Sustainable finances (continued)	Currently, the Council has balanced the 2018/19 budget by identifying £16 million of savings in six priority areas (Childrens, Adults, Safe & Sustainable Places, Growth & Employment, Home & Communities and Enabling). Funding gaps have been identified from 2019/20 to 2022/23 (£6.9 million, £ 7.3 million, £7.8 million and £7.8million respectively). These gaps will increase if required savings in 2018/19 are not met.	As above.	As above.
	Management are proposing establishing a Budget Resilience Reserve which can be used as a one-off measure to offset non-delivery /delay in planned savings. The reserve will mainly be funded from unutilised use of general fund reserves built into the budgets (whilst maintaining a General Fund Reserve balance of £15 million throughout the period of the MFTS).		
	Identifying the required level of savings in the coming years will be a significant challenge and is likely to require difficult decisions around service provision and alternative delivery models.		

# INDEPENDENCE

## INDEPENDENCE

Under Auditing and Ethical Standards, we are required as auditors to confirm our independence to ‘those charged with governance’. In our opinion, and as confirmed by you, we consider that for these purposes it is appropriate to designate the Corporate Committee as those charged with governance.

Our internal procedures are designed to ensure that all partners and professional staff are aware of relationships that may be considered to have a bearing on our objectivity and independence as auditors. The principal statements of policies are set out in our firm-wide guidance. In addition, we have embedded the requirements of the Standards in our methodologies, tools and internal training programmes. The procedures require that engagement leads are made aware of any matters which may reasonably be thought to bear on the firm’s independence and the objectivity of the engagement lead and the audit staff. This document considers such matters in the context of our audit for the period ended 31 March 2018.

We have not identified any potential threats to our independence as auditors. We have not provided any non-audit services.

We confirm that the firm complies with the Financial Reporting Council’s Ethical Standards for Auditors and, in our professional judgement, is independent and objective within the meaning of those Standards.

In our professional judgement the policies and safeguards in place ensure that we are independent within the meaning of all regulatory and professional requirements and that the objectivity of the audit engagement partner and audit staff is not impaired. These policies include partner and manager rotation. The table below sets out the length of involvement of key members of the audit team.

Should you have any comments or queries regarding this confirmation we would welcome their discussion in more detail.

ENGAGEMENT TEAM ROTATION	
SENIOR TEAM MEMBERS	NUMBER OF YEARS INVOLVED
Leigh Lloyd-Thomas - Engagement lead	3
Kerry Barnes - Project manager	2

ENGAGEMENT QUALITY CONTROL REVIEWER	
	NUMBER OF YEARS INVOLVED
	1

# FEES

## FEES SUMMARY

Our proposed fees, excluding VAT, for the year ending 31 March 2018 are:

	2017/18 £	2016/17 £
Code audit fee	206,475	206,475
Certification fee (Housing benefits subsidy)	38,223*	38,223
<b>Total audit and certification fees</b>	<b>244,698</b>	<b>244,698</b>
Fees for audit related services (see below)	7,000	7,000
Fees for non-audit services	0	0
<b>TOTAL FEES</b>	<b>251,698</b>	<b>251,698</b>

AUDIT RELATED SERVICES FEES ANALYSIS	£
Teachers' Pensions Return (local education authority)	3,500
Pooling of Housing Capital Receipts Return	3,500
<b>Total</b>	<b>7,000</b>

\* Currently the PSAA published fee is £33,190 however we propose a fee the same as the prior year.

Fee invoices are raised as set out below, following which our firm's standard terms of business state that full payment is due within 14 days of receipt of invoice:

- Instalment 1 £103,237.50 in July 2017
- Instalment 2 £103,237.50 in January 2018
- Certification of the housing benefits subsidy claim and other grants/returns will be billed on completion of the work.

### Our fee is based on the following assumptions

The complete draft financial statements and supporting work papers will be prepared to a standard suitable for audit. All balances will be reconciled to underlying accounting records.

Key dates will be met, including receipt of draft accounts and working papers prior to commencement of the final audit fieldwork.

We will receive only one draft of the Statement of Accounts prior to receiving the final versions for signing.

Within reason, personnel we require to hold discussions with will be available during the period of our on-site work (we will set up meetings with key staff in advance).

# APPENDIX I: MATERIALITY

## CONCEPT AND DEFINITION

- The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to monetary misstatements but also to disclosure requirements and adherence to appropriate accounting principles and statutory requirements.
- We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.
- Materiality therefore has qualitative as well as quantitative aspects and an item may be considered material, irrespective of its size, if it has an impact on (for example):
  - Narrative disclosure e.g. accounting policies, going concern
  - Instances when greater precision is required (e.g. senior management remuneration disclosures).
- International Standards on Auditing (UK & Ireland) also allow the auditor to set a lower level of materiality for particular classes of transaction, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

## CALCULATION AND DETERMINATION

- We have determined materiality based on professional judgement in the context of our knowledge of the authority, including consideration of factors such as sector developments, financial stability and reporting requirements for the financial statements.
- We determine materiality in order to:
  - Assist in establishing the scope of our audit engagement and audit tests
  - Calculate sample sizes
  - Assist in evaluating the effect of known and likely misstatements on the financial statements.

# APPENDIX I: MATERIALITY

## Continued

### REASSESSMENT OF MATERIALITY

- We will reconsider materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality if we had been aware.
- Further, when we have performed all our tests and are ready to evaluate the results of those tests (including any misstatements we detected) we will reconsider whether materiality combined with the nature, timing and extent of our auditing procedures, provided a sufficient audit scope. If we conclude that our audit scope was sufficient, we will use materiality to evaluate whether uncorrected misstatements (individually or in aggregate) are material.
- You should be aware that any misstatements that we identify during our audit, both corrected and uncorrected errors, might result in additional audit procedures being necessary.

### UNADJUSTED ERRORS

- In accordance with auditing standards, we will communicate to the Corporate Committee all uncorrected misstatements identified during our audit, other than those which we believe are 'clearly trivial'.
- Clearly trivial is defined as matters which will be of a wholly different (smaller) order of magnitude than the materiality thresholds used in the audit, and will be matters that are clearly inconsequential, whether taken individually or in aggregate.
- We will obtain written representations from the Corporate Committee confirming that in their opinion these uncorrected misstatements are immaterial, both individually and in aggregate and that, in the context of the financial statements taken as a whole, no adjustments are required.
- There are a number of areas where we would strongly recommend/request any misstatements identified during the audit process being adjusted. These include:
  - Clear cut errors whose correction would cause non-compliance with statutory requirements, management remuneration, other contractual obligations or governmental regulations that we consider are significant.
  - Other misstatements that we believe are material or clearly wrong.

The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the organisation. In preparing this report, we do not accept or assume responsibility for any other purpose, or to any other person, except when expressly agreed by our prior written consent. If others choose to rely on the contents of this report, they do so entirely at their own risk.

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# LONDON BOROUGH OF HARINGEY

## GRANT CLAIMS AND RETURNS CERTIFICATION

In respect of claims and returns for the year ended 31 March 2017

28 February 2018



# INTRODUCTION

## Purpose of the report

This report summarises the main issues arising from our certification of grant claims and returns for the financial year ended 31 March 2017.

### Public Sector Audit Appointments Ltd (PSAA) regime

PSAA has a statutory duty to make arrangements for certification by the appointed auditor of the annual housing benefit subsidy claim.

We undertake the grant claim certification as an agent of PSAA, in accordance with the Certification Instruction (CI) issued by them after consultation with the Department for Work and Pensions (DWP).

After completion of the tests contained within the CI the grant claim can be certified with or without amendment or, where the correct figure cannot be determined, may be qualified as a result of the testing completed.

### Other certification work

A number of grant claims and returns that were previously included within the scope of the audit have since been removed, but Departments may still seek external assurance over the accuracy of the claim or return.

These assurance reviews are undertaken outside of our appointment by PSAA and are covered by tripartite agreements between the Council, sponsoring Department and the auditor.

The Council has requested that we undertake a review, based on the instructions and guidance provided by the relevant Departments, of the Pooling of housing capital receipts return and the Teachers' pensions return for the year ended 31 March 2017.

We recognise the value of your co-operation and support and would like to take this opportunity to express our appreciation for the assistance and co-operation provided during our certification work.

## Fees

We reported our planned fees in our Audit Plan. The indicative Housing benefits subsidy claim fee is set by PSAA.

AUDIT AREA	PLANNED FEES (£)	FINAL FEES (£)
<b>PSAA regime</b>		
Housing benefits subsidy claim	38,223	38,223
<b>Total PSAA regime fees</b>	<b>38,223</b>	<b>38,223</b>

<b>Other certification work</b>		
Pooling of housing capital receipts return	3,500	* TBC
Teachers' pensions return	3,500	* TBC

<b>Total certification fees</b>	<b>45,223</b>	<b>* TBC</b>
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Additional testing has been required to resolve errors in the Teachers Pension return and to test prior year qualifying expenditure for pooled housing capital receipts omitted from returns in previous years. Additional fees are to be agreed.

# KEY FINDINGS

Below are details of each grant claim and return subject to certification by us for the financial year ended 31 March 2017. Where our work identified issues which resulted in either an amendment or a qualification, further information is provided. An action plan is included at the Appendix of this report.

CLAIM OR RETURN	VALUE	QUALIFIED	AMENDED?	IMPACT OF AMENDMENTS
Housing benefit subsidy	£262,033,744	YES	YES	£445 subsidy claimed (but likely to be further amended by DWP)
Pooling of housing capital receipts	£21,704,514	NO	YES	+£86,100 additional capital receipts
Teachers’ pensions	£17,705,798	YES	YES	+£32,735 payable to Teachers Pensions

HOUSING BENEFIT SUBSIDY	FINDINGS AND IMPACT ON RETURN
<p>Local authorities responsible for managing housing benefit are able to claim subsidies towards the cost of these benefits from central government. The final value of subsidy to be claimed by the Council for the financial year is submitted on form MPF720A, which is subject to certification.</p> <p>Our work on this claim includes verifying that the Council is using the correct version of its benefits software and that this software has been updated with the correct parameters. We also agree the entries in the claim to underlying records and test a sample of cases from each benefit type to confirm that benefit has been awarded in accordance with the relevant legislation and is shown in the correct cell on form MPF720A.</p> <p>The methodology and sample sizes are prescribed by PSAA and DWP. We have no discretion over how this methodology is applied.</p> <p>The draft subsidy return provided for audit has claimed subsidy of £262,033,299. The final claim was amended to £262,033,744.</p>	<p>In recent years, we have reported on a significant number of errors found in our testing of benefits awarded to claimants. Last year, DWP proposed withholding a significant amount of subsidy to the Council as a result of the weaknesses in arrangements for administering benefits and through the subsidy arrangements that removed all funding of overpayments as a result of local authority errors or administrative delays where this exceeded a predefined threshold. Additional work undertaken last year reduced the loss to the Council and an action plan was developed to improve the processing of benefits, provide training to assessors and to reduce the backlog of claims and change in circumstances forms.</p> <p>While we have noted some improvement this year, we continue to identify a large number of errors through our testing of benefits awarded. For all errors, we are required to test an additional sample of 40 cases with similar characteristics. A summary of these issues can be found on the following pages.</p> <p>The impact of the corrections made to the amended subsidy claim, where we could quantify the errors, has been to increase subsidy by £445. However, where we have been unable to quantify the errors across the population we have estimated the potential error by extrapolating the error rate across the relevant cases. These extrapolated errors have not been corrected and we have noted the potential loss of subsidy on the following pages.</p> <p>DWP will be expected to respond to the Council and may suggest that it will withhold these amount unless the Council is able to demonstrate that these extrapolations are not representative of the underlying errors in assessments.</p> <p>The claim was certified on 19 December 2017 referring to above errors.</p>

# KEY FINDINGS

BENEFIT TYPE	ERRORS	IMPACT
Self-employed income assessments	<p>Non-HRA: we found 12 assessments with errors in calculations, where 1 case resulted in an overpayment and the other 11 either had no impact or resulted in underpaid benefits. 7 of the underpayments should have been offset against other overpayments in the current and prior year.</p> <p>HRA: we found 6 assessments with errors in the calculations, where 2 cases resulted in an overpayment and the other 4 either had no impact or resulted in underpaid benefits. 4 of the underpayments should have been offset against other overpayments in the current and prior year.</p> <p>Rent allowances: we found 8 assessments with errors in calculations, where 1 case resulted in an overpayment and the other 7 either had no impact or resulted in underpaid benefits. 2 of the underpayments should have been offset against other overpayments in the current year.</p>	Extrapolation of self-employed earnings errors suggests that subsidy may be over claimed by £25,464 for the current year although subsidy loss through prior year overpayments could be reduced by £1,912.
Earned income assessments	<p>Non-HRA: we found 10 assessments with errors in calculations, where 2 cases resulted in an overpayment and the other 8 either had no impact or resulted in underpaid benefits. 5 of the underpayments should have been offset against other overpayments in the current and prior year.</p> <p>HRA: we found 3 assessments with errors in the calculations but each either had no impact or resulted in underpaid benefits. 1 of the underpayments should have been offset against other overpayments in the current year.</p> <p>Rent allowances: we found 8 assessments with errors in calculations, where 2 cases resulted in an overpayment and the other 6 either had no impact or resulted in underpaid benefits. 3 of the underpayments should have been offset against other overpayments in the current year.</p>	Extrapolation of earned income errors suggests that subsidy may be under claimed by £98,311 for the current year and subsidy loss through prior year overpayments could be reduced by £237,580.
Working tax credits	<p>Non-HRA: we found 2 assessments with errors in the calculation, both resulting in overpayments.</p> <p>Rent Allowances: we found 2 assessments with errors in the calculation, both resulting in underpayments.</p>	Extrapolation of working tax credits errors suggests that subsidy may be over claimed by £10,730.

## KEY FINDINGS

BENEFIT TYPE	ERRORS	IMPACT
Child care costs	<p>Non-HRA: we found 7 assessments with errors in the calculations, where 4 cases resulted in an overpayment and the other 3 either had no impact or resulted in underpaid benefits. 1 of the underpayments should have been offset against other overpayments in the current year.</p> <p>HRA: we found 11 assessments with errors in the calculations, where 7 cases resulted in an overpayment and the other 4 either had no impact or resulted in underpaid benefits. 3 of the underpayments should have been offset against other overpayments in the current and prior year.</p>	Extrapolation of child care costs errors suggests that subsidy may be over claimed by £20,045 for the current year although subsidy loss through prior year overpayments could be reduced by £1,577.
Non-dependant deductions	HRA: we found 2 assessments with errors in the calculations but each either had no impact or resulted in underpaid benefits. Both of the underpayments should have been offset against other overpayments in the current and prior year.	Extrapolation of non-dependant deduction errors suggests that subsidy may be under claimed by £338 for the current year and subsidy loss through prior year overpayments could be reduced by £1,014.
State pensions income	<p>HRA: we found 8 assessments with errors in the calculations, where 1 case resulted in an overpayment and the other 7 either had no impact or resulted in underpaid benefits. 1 of the underpayments should have been offset against other overpayments in the current and prior year.</p> <p>Rent Allowances: we found 12 assessments with errors in the calculations, where 2 cases resulted in an overpayment and the other 10 either had no impact or resulted in underpaid benefits. 1 of the underpayments should have been offset against other overpayments in the current and prior year.</p>	Extrapolation of state pension errors suggests that subsidy may be over claimed by £2,147 for the current year although subsidy loss through prior year overpayments could be reduced by £491.
Occupational pensions income	<p>HRA: we found 3 assessments with errors in the calculations but each either had no impact or resulted in underpaid benefits. 1 of the underpayments should have been offset against other overpayments in the current and prior year.</p> <p>Rent Allowances: we found 3 assessments with errors in the calculations, where 2 cases resulted in an overpayment and the other had no impact or resulted in underpaid benefits. The underpayment should have been offset against other overpayments in the prior year.</p>	Extrapolation of occupational pension errors suggests that subsidy may be under claimed by £6,392 for the current year and subsidy loss through prior year overpayments could be reduced by £29,648.

## KEY FINDINGS

BENEFIT TYPE	ERRORS	IMPACT
Classification of eligible overpayments	<p>Non-HRA: we found 5 cases where the eligible overpayment had been misclassified and 2 of these cases where the overpayment calculation was incorrect.</p> <p>HRA: we found 3 cases where the eligible overpayment had been misclassified.</p> <p>Rent allowances: we found 1 cases where the eligible overpayment had been misclassified and 1 case where the overpayment calculation was incorrect. We also found 1 case where the prior year overpayment calculation was incorrect.</p>	Extrapolation of eligible overpayment errors suggests that subsidy may be over claimed by £9,124 for the current year although subsidy loss through prior year overpayments could be reduced by £1,470.
Classification of technical overpayments	Non-HRA: we found 6 cases where the technical overpayment had been misclassified.	Extrapolation of technical overpayment errors suggests that subsidy may be under claimed by £641.
Classification of local authority overpayments	Rent Allowances: we found 10 cases where the local authority overpayment had been misclassified and 1 of these cases where the overpayment calculation was incorrect.	Extrapolation of local authority overpayment errors suggests that subsidy may be under claimed by £40,505.
Rent amounts	Rent Allowances: we found 2 assessments with errors in the rents used, where 1 case resulted in an overpayment and the other had no impact.	<p>Extrapolation of rent calculation errors suggests that subsidy may be over claimed by £7,358.</p> <p>Therefore, any increase in subsidy arising from adjustments for extrapolated errors would be offset by a reduced amount recoverable for local authority errors allowance.</p>
Impact on local authority error threshold	Local authorities receive full rate subsidy on local authority error overpayments where these do not exceed 0.48% of total benefits and at reduced 40% rate if these errors do not exceed 0.54%. The total amount of local authority errors, before the extrapolated errors above, is currently below the lower threshold and £1,113,247 is being recovered in full.	The total of extrapolated errors above relating to current and prior year local authority error overpayment would reduce these overpayments by £78,913.
Disability Living Allowances	HRA: we completed testing of all similar cases and found local authority overpayment errors totalling £5,676.	Subsidy claim corrected and no impact as the Council remains within the local authority error threshold.
Severe disability premium	Rent Allowances: we completed testing of all similar cases and found local authority overpayment errors totalling £3,495.	Subsidy claim corrected and no impact as the Council remains within the local authority error threshold.
War pension disregards	Modified schemes: we completed testing of all similar cases and found errors that reclassify amounts and increase normal benefit entitlement by £1,777 (HRA and Rent Allowances) and reduce the modified scheme element by the same amount.	Subsidy claim corrected and increased amount claimed by £445 as normal entitlement is recovered in full whereas the modified scheme benefit is recovered at 75%.



KEY FINDINGS

POOLING OF HOUSING CAPITAL RECEIPTS	FINDINGS AND IMPACT ON RETURN
<p>Local authorities are required to pay a portion of any housing capital receipt (usually 75%) they receive into a national pool administered by central government. The Council is required to submit quarterly returns notifying central government of the value of capital receipts received.</p> <p>The return provided for audit recorded total receipts of £21,696,540 for 154 disposals and £7,974 for mortgage interest on previous disposals. A significant amount of sales receipts were transferred into 1-4-1 new build budgets that are time limited to remain exempt from pooling.</p>	<p>This was the first year that we have reviewed this return and in previous years this has been certified by Grant Thornton LLP.</p> <p>Our review found the following errors in the draft return that were corrected:</p> <ul style="list-style-type: none"><li>• One property included as a disposal related to a return of previous RTB discount monies where the owner had re-sold the property within the qualifying 5 year period, and therefore should not have been disclosed as a new disposal in the year with the associated attributable debt allowance.</li><li>• One RTB disposal of £86,100 was inappropriately excluded from the return.</li></ul> <p>We also noted that no amounts had been included as qualifying 1-4-1 replacement expenditure for the current year or in previous years. The Council is allowed to retain a significant amount of RTB receipts but these must be applied to new 1-4-1 social housing expenditure within a set timescale. By failing to disclose this expenditure, the Council would be obliged to return the retained 1-4-1 receipts to Government.</p> <p>The Council reviewed its records and contacted DCLG to re-open previous years' returns. The Council was allowed to amended the return to include 1-4-1 expenditure of £10,467,121 in the past three years (2014/15 £3,885,261, 2015/16 £659,230 and 2016/17 £5,922,629). DWP has sought assurance from audit testing for the current and previous years.</p> <p>Our sample testing confirmed that this 1-4-1 expenditure in the current year and previous two years was appropriate and can be included as qualifying expenditure.</p> <p>The result of the corrections increased receipts subject to pooling by £86,100.</p>

# KEY FINDINGS

TEACHERS' PENSIONS	FINDINGS AND IMPACT ON RETURN
<p>Local authorities which employ teachers are required to deduct pension contributions and send them, along with employer’s contributions, to the Teachers’ Pensions office (the body which administers the Teachers’ Pension Scheme on behalf of the Department for Education). These contributions are summarised on form EOYC, which the Council is required to submit to Teachers’ Pensions.</p> <p>The return provided for audit recorded total pensions payable at £17,705,798 on payroll costs of £66.8 million.</p>	<p>This was the first year that we have reviewed this return and in previous years this has been certified by Grant Thornton LLP.</p> <p>Our review found the following errors that have been corrected:</p> <ul style="list-style-type: none"> <li>• Monthly payroll was omitted for one school with outsourced payroll resulting in additional amounts payable of £18,957</li> <li>• One school had made additional payments in respect of deductions for two months but had not informed the Council of these deductions. While the payments to Teachers Pension were included in the return, an adjustment was required to also include these deductions totalling £15,029.</li> <li>• Employer contributions of £487 were not deducted for one teacher for a school that had outsourced its payroll. The school has agreed to make this payment to Teachers Pension through the Council and this has been added into the return for deductions payable.</li> <li>• Refunds amounts did not agree to supporting records and decreased amount recoverable by £1,738.</li> </ul> <p>Other uncertainties and errors not corrected:</p> <ul style="list-style-type: none"> <li>• One teacher had opted out of the pension scheme but the Teachers Pension web portal had recorded the teacher as “not confirmed” and it is not clear whether pension benefits are being earned for this teacher</li> </ul> <p>The result of the corrections reduced the amount recoverable from Teachers Pension by £32,735.</p>



## APPENDICES

## APPENDIX: 2016/17 ACTION PLAN

CONCLUSIONS FROM WORK	RECOMMENDATIONS	PRIORITY	MANAGEMENT RESPONSE	RESPONSIBILITY	TIMING
<b>Housing benefits subsidy</b>					
While we have noted some improvements in the processing of benefit claims, there continues to be a high number of errors where benefits paid to claimants is incorrect.	Provide additional training and focused quality control spot checks on areas with common errors.	High			
<b>Pooling of housing capital receipts</b>					
1-4-1 expenditure on replacement social housing had been excluded from the DCLG return for a number of years.	<p>To ensure the qualifying 1-4-1 expenditure on replacement social housing is included in the return to demonstrate that retained capital receipts are being applied in accordance with the required timescales.</p> <p>Ensure that the Council has an appropriate plan to use the remainder of the retained receipts ahead of the required timescales to minimise the risk of having to surrender these receipts to the national pool.</p>	High			
<b>Teachers Pension return</b>					
One monthly outsourced school payroll was omitted from the return and one school made two additional payments direct to Teachers Pensions that were not part of the payroll reports for contributions payable.	<p>Ensure that all schools with outsourced payrolls provide details of payroll amounts for teacher pension contributions for each month.</p> <p>Obtain supporting information for any additional amounts paid directly to Teachers Pensions.</p>	Medium			

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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**Report for:** Corporate Committee, 22<sup>nd</sup> March 2018

**Item number:** 9

**Title:** Local Government Ombudsman finding

**Report authorised by :** Dan Hawthorn, Director of Housing and Growth

**Lead Officer:** Chris Liffen, Managing Director, Homes for Haringey

**Ward(s) affected:** Northumberland Park

**Report for Key/**

**Non Key Decision:** Non-key

## **1. Describe the issue under consideration**

- 1.1 This report has been compiled following notification of the outcome of a complaint made to the Local Government & Social Care Ombudsman (the Ombudsman) by Ms X, a former homeless applicant placed into temporary accommodation by Homes for Haringey in discharge of the Council's statutory duties owed to her.
- 1.2 The complaint centred on the suitability of the temporary accommodation provided, which had a lack of cold water supply to the kitchen, as well as other defects.
- 1.3 The Ombudsman found fault on the part of the Council, which had caused injustice to Ms X. He also made a number of Recommendations which are included within his report (appendix one) as well as this report.
- 1.4 The purpose of this report is to bring the matter to the Council's attention, and to seek authority to make compensatory payments to Ms X in accordance with three of the Ombudsman's Recommendations.

## **2. Cabinet Member Introduction**

Not applicable

## **3. Recommendations**

It is recommended that Corporate Committee:

- 3.1 Notes the outcome of the Ombudsman's investigation contained in his report dated 31<sup>st</sup> January 2018.

- 3.2 Accepts the Ombudsman's Recommendations relating to the need to make compensatory payments to Ms X.
- 3.3. Authorises officers to make compensatory payments to Ms X in accordance with the Recommendations made by the Ombudsman in his report.
- 3.4. Notes the subsequent actions undertaken by Homes for Haringey to rectify the situation, and prevent a recurrence.

**4. Reasons for decision**

In view of the fact that officers and Homes for Haringey (HfH) accept the findings of the Ombudsman, Corporate Committee now has the power to determine whether compensatory payments should be made to Ms X in recognition of the injustice she has sustained as a result of the Council's – acting via Homes for Haringey - actions.

**5. Alternative options considered**

Council Officers and HfH have accepted the outcome of the Ombudsman investigation, so no other options have been considered.

**6. Background information**

- 6.1 Ms X made an application to the Council as being homeless in 2015. Her application was accepted by HfH acting for and on behalf of the Council under the terms of the Management Agreement between the two organisations, and she was placed into temporary accommodation (TA). Subsequently, Ms X was transferred to alternative TA on 19 October 2016, a property on an estate used as TA pending regeneration of the area.
- 6.2 The TA in question, along with some other similar tower blocks on the estate, has an old plumbing system not replaced since it was built, and not responsive to increased demand for water. HfH has been aware of problems affecting the block, in particular the higher floors. Whilst solutions have been sought, none have remedied the problem, including the installation of new water pumps in December 2015.
- 6.3 Void repairs were carried out on the property prior to Ms X moving in. When she viewed and then moved into the property, Ms X reported outstanding repair concerns. It appears as though when the heating system was tested there was insufficient water in the tank, leaving Ms X without heating for five days.
- 6.4 Ms X requested a review of the suitability of the accommodation, under section 202 of the 1996 Housing Act, Part VII (as amended), which must be completed within 56 days. The review focused on the size of the accommodation and repair issues including possible mould in the bedroom and a lack of heating and hot water. The review was submitted on 31 October 2016.
- 6.5 On 1 November 2016, Ms X complained to ward councillors about the lack of water and heating and a response to her complaint arranged for surveyors to visit her flat. It also confirmed that a Mechanical Engineer had visited on 16 November and confirmed the lack of a cold water supply to the kitchen. He was

waiting for a contractor report and outcomes from resident surveys prior to ordering any works.

- 6.6 In the response to her complaint, Ms X was advised that her review would be considered separately. She did not receive a response to this request.
- 6.7 Ms X wrote on 8 February 2017 advising of the lack of progress with the repairs and the lack of cold water; the low pressure of which affected the heating and hot water supply. She also complained of problems with lift breakdowns (records confirm 15 failures in 10 months) and of anti-social behaviour.
- 6.8 On 20 February, Ms X was written to by the Feedback team with an apology for the failure to respond to her stage 2 complaint and that she should receive a response to her suitability review within 2 weeks. This did not materialise and the officer due to respond to it had since left his position.
- 6.9 In the meantime, on 6 March 2017, Ms X was put on the list to be transferred to alternative TA. She was offered another property in the same block on 16 May but did not take up the offer due to her concerns about the water supply. The refusal was later accepted by HfH as a reasonable refusal and an alternative offer of accommodation was made.
- 6.10 On 13 June, another officer considered and upheld Ms X's review but this decision does not appear to have been conveyed to Ms X.
- 6.11 On 6 July, the Head of Service (Occupancy Management) wrote to Ms X, accepting that the flat was not suitable as there was no adequate water supply and apologised for the hitherto poor communication.
- 6.12 Ms X met with the Head of Service on 27 July 2017 and he confirmed the outcome of the meeting to her. He acknowledged the lack of water supply, stating that she should be provided with bottled water and again confirmed that the lack of a response to her review and communication with her had been poor. He agreed that bottled water would be delivered. He further advised that a new property, in the private rented sector had been identified for her. Ms X moved into the property on 31 August 2017.
- 6.13 HfH has since changed the way reviews are dealt with; with all review requests now being logged and monitored centrally and sent to an external consultant to make the decision.
- 6.14 The report from the Ombudsman concluded that Ms X spent 10 months in unsuitable accommodation; without an adequate supply of cold water. She used bottled water and was unable to use her washing machine.
- 6.15 This lack of cold water meant the accommodation fell below acceptable standards and she should not have been placed in the accommodation.

- 6.16 There was a failure to respond to Ms X's request for a review of the suitability of the accommodation. The later acceptance that the accommodation was unsuitable does not negate the requirement to issue a review decision.
- 6.17 The Stage 2 Complaint was not responded to. The Ombudsman concluded that her complaint was not fully considered until July 2017 and even then she did not receive the bottled water as had been agreed.
- 6.18 Ms X believed the black marks to the bedroom ceiling to have been mould and it was confirmed only at the end of November that the marks were a result of smoke damage and if she had known this she would have been able to have used the room earlier for her and her baby.
- 6.19 In conclusion, the Ombudsman found that Ms X and her family were left in unacceptable living conditions for far too long. She was put to the inconvenience and expense of buying bottled water and taking her laundry elsewhere, causing the family real hardship. The report commented that the injustice was exceptionally severe and prolonged and made a number of recommendations, which the Authority accepted it would action within 3 months of the date of the report. These were to:
- Send Ms X a letter of apology (from the Council's Head of Service)
  - Pay Ms X £300 a month from October 2016 to August 2017
  - Pay an additional £20 per week to reimburse her for bottled water from 19/10/16 to 31/8/17
  - Pay an additional £15 per week for using laundry facilities for the same period
  - Advise of the steps taken to ensure that other homeless households placed in the block do not experience similar problems
  - Put robust systems in place to log and track the progress of review requests to ensure compliance with the eight-week timescale
  - Remind officers of the requirement to issue a written decision on every review request.

These recommendations have been agreed by both officers, and HfH.

- 6.20 In terms of the Ombudsman's specific findings and recommendations which fall within the terms of reference for the Corporate Committee, the following actions will be undertaken by HfH subject to the Committee's authorisation:
- A payment of £3,000 will be issued for the 10 months Ms X resided in the property.
  - A further £900 (45 weeks of £20) will be paid to Ms X to reimburse her for the bottled water she purchased.
  - A further £675 (45 weeks of £15) will be paid to Ms X to reimburse her for using laundry facilities outside the flat.



6.21 The Corporate Committee is also asked to note that officers intend to take a further report to the Cabinet Member for Housing Regeneration and Planning. That step is required in order to comply with the requirement made by the Ombudsman to provide written evidence of the fact that his report has been considered by “full Council or Cabinet”. In addition, the step is also designed in order to obtain agreement on the action to be taken in relation to the non compensatory parts of the Ombudsman’s Recommendations as follows:

- HfH has apologised in emails to Ms X of 6 July and 27 July 2017 as well as verbally on 27 July 2017. The apologies included acknowledgements of poor service in not carrying out the review Ms X submitted in October 2016. Even though HfH was attempting to source alternative accommodation for Ms X, it still failed to communicate with her sufficiently and she was also apologised to for this. HfH further acknowledged that it did not supply her with drinking water. A further apology following the report will be issued by the Council’s Head of Service.
- HfH has taken the decision not to let properties where there are similar issues with the cold water supply. As well as the property in question, there are another five properties in the block which are void due to the water issue. A further two flats are void in another block for the same reasons.
- HfH has procured a new remote monitoring system for all water tanks, which will provide early warning of issues around water pressure and low water levels in tanks. These are due for installation within the next two months and will ensure that problems are identified and rectified before they impact on residents.
- HfH has created a new senior role within its Mechanical and Electrical Service with responsibility for all water maintenance contracts. This will improve the robustness with which it manages its external contracts. The role will be filled in the next two months.
- HfH has introduced a new major incidents process where a significant loss of service is highlighted to the Executive team and tracked through to completion, ensuring visibility of serious cases from the point in time they emerge to their resolution.
- At the time Ms X’s review was submitted, the process was that reviews were logged to the relevant service manager. This clearly failed to record all reviews received. HfH has since changed this process. All requests for reviews are now logged centrally within Housing Demand and are sent to an independent Reviewer for a decision. The requests are monitored and the Reviewer contacted should there be concerns over whether the review may take longer than anticipated. Prior to a review of the suitability of accommodation being sent to the independent Reviewer, the service considers whether the review request is reasonable. If it is considered to be reasonable then this would be acknowledged and an alternative property sought.
- Customers are written to, acknowledging that their review has been received.
- HfH has introduced a new performance indicator to ensure that suitability reviews are tracked and monitored by the Executive Management team through monthly performance meetings.

## 7. Lessons learned

- 7.1 HfH is aware that its failure to address the issues at an early stage led to distress for Ms X over the 10 months of her stay at the property and reputational damage for both Homes for Haringey and Haringey Council.
- 7.2 Following the issues at the property, HfH has taken the decision not to let other properties which become vacant at the block until a solution is found and implemented, which ensures that the properties have cold running water and adequate water pressure to run a washing machine.
- 7.3 The Ombudsman's conclusions and recommendations have been fully accepted, and HfH processes have been revised accordingly to ensure that there can be no repetition of the failures to carry out a statutory review.
- 7.4 HfH has implemented a range of changes to its processes and procedures, detailed in the actions taken, to ensure this scenario does not reoccur.

## **8. Contribution to strategic outcomes**

To create homes and communities where people choose to live and are able to thrive (**Priority 5** - Sustainable Housing Growth and Employment)

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

### **Finance**

- 9.1 The compensation payments as outlined in paragraph 6.20 amounting to £4,575 will be funded from the Customer Relations (X40130) 2017/18 revenue budget

### **Procurement**

- 9.2 Not applicable

### **Legal**

- 9.3 The Assistant Director, Corporate Governance has been consulted in the preparation of this report, and makes the following comments.
- 9.4 The Corporate Committee has within its constitutionally delegated terms of reference, the power to "[authorise] the making of payments or the provision of other benefits in cases of maladministration" – see Part Three, Section B of the Constitution. Accordingly, the Corporate Committee has the authority to approve Recommendation 3.3 of the report.

### **Equality**

- 9.5 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
  - 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.
- 9.6 The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.
- 9.7 The following groups are more likely to be living in temporary accommodation:
- Black households who, statistically, make up the vast majority of households in temporary accommodation
  - Lone parent households, most commonly headed by women
  - Women, who statistically make up the vast majority of individuals who approach the homelessness service for support
  - Young people who identify as LGBTQ
  - Those with mental health needs
- 9.8 We also know that those living in housing managed by Homes for Haringey are more likely to be:
- Women
  - Black
  - Older (65+)
- 9.9 The lessons learned from this issue mean that HfH will implement new policies and procedures to make sure that problems with housing maintenance are resolved promptly, and that complaints are dealt with effectively. This will help ensure that residents living in housing managed and maintained by HfH, whether temporary accommodation or general needs council housing, are not receiving unsatisfactory housing maintenance, repairs and customer service, and ensures that there is not a negative impact on the groups listed above. This is particularly important for those living in temporary accommodation who are particularly likely to be more vulnerable than most.
- 10. Use of Appendices**  
Copy of Ombudsman report (appendix one)
- 11. Local Government (Access to Information) Act 1985**  
Not applicable

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**Report by the Local Government and Social Care  
Ombudsman**

**Investigation into a complaint against  
London Borough of Haringey  
(reference number: 16 014 926)**

**31 January 2018**

## The Ombudsman's role

For 40 years the Ombudsman has independently and impartially investigated complaints. We effectively resolve disputes about councils and other bodies in our jurisdiction by recommending redress which is proportionate, appropriate and reasonable based on all the facts of the complaint. Our service is free of charge.

Each case which comes to the Ombudsman is different and we take the individual needs and circumstances of the person complaining to us into account when we make recommendations to remedy injustice caused by fault.

We have no legal power to force councils to follow our recommendations, but they almost always do. Some of the things we might ask a council to do are:

- > apologise
- > pay a financial remedy
- > improve its procedures so similar problems don't happen again.

Section 30 of the 1974 Local Government Act says that a report should not normally name or identify any person. The people involved in this complaint are referred to by a letter or job role.

### Key to names used

Ms X	The complainant
Officer A	A manager in the Move on and Temporary Accommodation team
Officer B	A Reviews Officer
Officer C	A manager in the Move On team

## **Report summary**

### **Subject**

Ms X and her family were homeless. She complains the Council placed her in unsuitable temporary accommodation which had no cold water supply in the kitchen and other defects.

### **Finding**

Fault causing injustice and recommendations made.

### **Recommendations**

The Council has agreed to take the following action within three months of the date of this report:

- send Ms X a letter of apology (from the Council's Head of Service);
- pay Ms X £300 a month for 10 months from October 2016 to August 2017;
- pay an additional £20 a week to reimburse her for the bottled water she bought from 19 October 2016 until 31 August 2017;
- pay an additional £15 a week for the extra expense of using laundry facilities outside the flat for the same period;
- tell us what steps it has taken to ensure that any other homeless families placed in the block do not experience similar problems to Ms X;
- put robust systems in place to log and track the progress of review requests to ensure compliance with the eight-week timescale;
- remind officers of the requirement to issue a written decision on every review request.

## The complaint

1. Ms X complains the Council placed her in unsuitable temporary accommodation that had no cold water supply in the kitchen and other defects. It then failed to respond to her request for a review of the suitability of the accommodation. It also failed to investigate her complaint at the second stage of its complaints procedure.

## Relevant law and guidance

### The Ombudsman's role

2. We investigate complaints about 'maladministration' and 'service failure'. In this report, we have used the word 'fault' to refer to these. We must also consider whether any fault has had an adverse impact on the person making the complaint. We refer to this as 'injustice'. If there has been fault which has caused an injustice, we may suggest a remedy. (*Local Government Act 1974, sections 26(1) and 26A(1), as amended*)

### Duties to the homeless and suitability of temporary accommodation

3. If a council is satisfied someone is eligible, homeless, in priority need and unintentionally homeless then it owes them the main housing duty. Generally, the Council carries out this duty by arranging temporary accommodation until it makes a suitable offer of social housing or private rented accommodation. (*Housing Act 1996, section 193*)
4. The law says councils must ensure all accommodation it arranges for homeless applicants is suitable for the needs of the applicant and members of his or her household. This duty applies equally to interim accommodation and accommodation provided under the main housing duty. (*Housing Act 1996, section 206*)
5. Accommodation is not suitable if it falls below certain minimum standards. The Council must have regard to the standards set in the Housing Act 2004. The Homelessness Code of Guidance recommends that any accommodation should, as a minimum, be free of Category One hazards assessed under the Housing Health and Safety Rating system. An adequate supply of drinking water is a relevant factor in the hazard assessment and scoring system. The Council should explicitly consider the condition of the building and the risk to the health and safety of the occupiers.
6. The Court of Appeal held that what is suitable is a matter for the Council; It can only be challenged where it is clearly inadequate; '*Suitability [is] to a Wednesbury minimum level of suitability in the nature, location and standard of condition of the accommodation, having regard to the circumstances of the applicant and his or her resident family, including the duration of the likely occupation of it*'. (*Codona v Mid-Bedfordshire District Council [2004] EWCA Civ 925 [2005] HLR 1, CA*)
7. A judgment issued by the Supreme Court has confirmed councils have a legal duty under section 11 Children Act 2004 to consider the need to safeguard and promote the welfare of a child when they decide whether accommodation is suitable. (*Nzolameso v City of Westminster [2015] UKSC 22*)



### **Review rights**

8. Homeless applicants may request a review within 21 days of being notified of the decision on their homelessness application. They also have the right to request a review of the suitability of temporary accommodation provided after the Council has accepted the main housing duty. (*Housing Act 1996, section 202*)
9. Councils must complete the review within eight weeks of receiving the review request. This period can be extended but only if the applicant agrees in writing. Councils must notify the applicant in writing of the review decision. (*section 202(3) Housing Act 1996*)

### **How we considered this complaint**

10. We produced this report after considering documents and photographs provided by Ms X and the Council. The investigator has spoken to Ms X.
11. We gave the complainant and the Council a confidential draft of this report and invited their comments. The comments received were taken into account before the report was finalised.

### **What we found**

#### **Background**

12. The Council owes Ms X the main housing duty as a homeless person in priority need. The Council accepted the duty after Ms X made a homelessness application in 2015.
13. Ms X and her family were placed in temporary accommodation by the Council. They had to leave that property in October 2016 because of a persistent mice infestation.
14. On 19 October 2016 Ms X, her partner and baby moved to a one bedroom flat on the ninth floor of a high-rise block in Haringey. The flat was temporary accommodation provided under the main housing duty.
15. Ms X paid £97 per week rent (including water rates) for the flat. She was not entitled to Housing Benefit because of her earnings.

#### **Water supply problems in the block**

16. The block was built about fifty years ago. It is a large block of flats with a shared plumbing system. The plumbing system has not been replaced since it was built. Since then, residents' demand for water has increased because, for example, most people now have washing machines.
17. Homes for Haringey manages the block. It is an Arm's Length Management Organisation which manages the Council's housing stock and temporary accommodation. The block is scheduled for demolition within the next 18 months to two years as part of a planned redevelopment of the area.
18. The Council has known since at least 2015 that some flats in the block are affected by problems with the water supply. Pending demolition, the Council investigated the water supply and tried to find solutions which are not prohibitively expensive in a block scheduled for demolition.
19. In December 2015, the Council installed new water pumps in the block at a cost of more than £60,000. However, these works failed to resolve the problem and

the Council continued to receive complaints from residents about the lack of cold water supply.

20. This is the second complaint we have received about the cold water supply in the block from a homeless family living in temporary accommodation. We upheld a previous complaint and found the complainant had suffered injustice due to fault by the Council. The Council accepted our findings and our recommendations for an apology and financial redress.

### **Ms X's complaint**

21. Before Ms X and her family moved in, a surveyor inspected the flat on 14 September 2016 while it was empty. He drew up a schedule of repairs and works that needed to be done before the flat could be reoccupied. These included:
- removing rubbish, carpets and furniture left in the flat;
  - stripping polystyrene ceiling tiles and replastering the ceilings and walls in the hallway, kitchen and living room;
  - installing new kitchen units, a sink, drainer and worktop;
  - fitting new wall tiles in the kitchen;
  - a chemical clean of the toilet, bath and wash basin in the bathroom;
  - inspecting and testing the electrical installations;
  - putting in plumbing for a washing machine; and
  - laying a new floor screed and easing and adjusting the bedroom door.
22. We have not seen any evidence a gas safety check was carried out or the water supply and pressure was tested. The surveyor inspected the completed works on 7 October 2016.
23. Ms X collected the keys and viewed the flat on 13 October. She reported some outstanding works to Homes for Haringey including signs of damp and mould and a leak on the bedroom ceiling. A contractor visited on 25 October. He did not find any evidence of a leak in the bedroom but said he would arrange for a surveyor to inspect the room for damp and mould.
24. Ms X had also reported the gas central heating radiators were not working when she moved in on 19 October. The gas meter had been disconnected because the former occupier owed arrears. She says when a gas engineer attended to turn on the supply, water leaked onto the floor from the radiator pipework. The kitchen units had to be dismantled to allow access to some pipework. It was difficult to properly test the system because there was not enough water in the tank. Ms X says she was left with no heating for five days and Homes for Haringey did not provide alternative heating appliances.
25. On 31 October 2016 Ms X wrote to a manager in the team responsible for temporary accommodation and lettings to ask for a review of the suitability of the accommodation. The email was headed "section 202 accommodation review request". She explained her concerns about the condition of the property and the reasons why it was unsuitable for her family. She referred to relevant law and guidance and said the property was unsuitable for the following reasons:
- no space for her son's cot so he had to sleep on a mattress with his parents;

- general lack of space in the flat for her son to play and to store all their belongings;
  - damp and mould on the bedroom ceiling – they were not using the bedroom because her son was born prematurely and was more at risk from respiratory infections;
  - the property had not been properly checked to ensure it met relevant standards before she moved in; and
  - there was no heating or hot water in the flat.
26. On 1 November Ms X sent an email to two Councillors and the MP. She then raised concerns about the lack of cold water and heating in the flat. She said she could not cook and it was too cold to stay in the flat. She had been forced to stay temporarily with friends and relatives. She said the Council had failed to meet essential requirements to provide heating and water.
27. On 4 November Ms X's letter and complaint were passed to Officer A who worked in the temporary accommodation and lettings team at Homes for Haringey.
28. On 29 November an officer in the Customer Feedback team replied to Ms X's complaint at Stage One of the Council's complaints procedure. She said a surveyor would visit on 29 November to inspect the damp and mould in the bedroom. A separate appointment was booked for 12 December to inspect some holes in walls.
29. The Customer Feedback Officer also referred to a Mechanical Engineer's visit on 16 November. He had witnessed the lack of cold water supply in the kitchen. He knew this was not an isolated fault and other flats on the eighth and ninth floors were similarly affected. He was waiting for survey results from residents and a report from contractors before organising remedial works to boost supply from the water pump.
30. The letter said Officer A would separately consider Ms X's request for a review of the suitability of the accommodation and contact her.
31. Ms X says the surveyor did inspect the bedroom on 29 November. It was only then she was told the marks on the ceiling were smoke damage and not mould. Ms X then decorated the room and the family started to use it in December.
32. Ms X did not receive a suitability review decision. A decision should have been made no later than the final week of December 2016.
33. The Council says all review requests received after September 2016 should have been logged and passed to Officer B. He considered requests for reviews of homelessness decisions and the suitability of accommodation. The Council says Officer B was unaware of Ms X's review request. Ms X's letter remained with Officer A who did not respond or pass it on.
34. Ms X continued to chase up the outstanding repairs and the review decision. On 8 February 2017 she sent an email saying there had been no progress with the repairs. She still had no cold water in the kitchen and she could not use her washing machine. The low water pressure also affected the heating and hot water supply. She was spending £20 a week on bottled water and £15 on laundry costs because there was no cold water supply to fill the washing machine.
35. In the same email Ms X reported frequent lift breakdowns and anti-social behaviour in the block. When the lift was out of order, Ms X had to take the other lift to the eighth floor and then carry her baby and buggy up two flights of stairs to

the ninth floor. The Council's repair records show the lift broke down 15 times in the 10 months Ms X lived in the flat. Ms X says the lift often remained out of order for days or weeks at a time.

36. On 20 February an officer in the Feedback team apologised to Ms X for the failure to respond to her Stage Two complaint which had been registered in November. She said the manager was considering her suitability review request and she should get a decision within the next two weeks.
37. The Council put Ms X on the list for a transfer to alternative temporary accommodation on 6 March 2017.
38. Ms X did not get a review decision as promised in March. The Council says Officer A left his position and he did not put Ms X's review request on file.
39. On 16 May the Council offered to move Ms X to another flat in the same block. Ms X decided not to accept this offer because she knew other flats in the block experienced similar problems with the water supply.
40. On 13 June Officer B picked up the case. The Council says he upheld the review. But he did not send Ms X a decision in writing.
41. On 6 July another manager (Officer C) at Homes for Haringey wrote to Ms X. He accepted her flat was not suitable because it had no adequate water supply. He apologised for the Council's poor communication with her.
42. On 27 July Ms X attended a meeting with two managers from Homes for Haringey. After the meeting one of the managers wrote to acknowledge she had been left without drinking water for 10 months. He said bottled water should have been delivered to Ms X much sooner and he would now arrange for that to happen. He said the Council had failed to respond to her suitability review request. He told Ms X a private rented sector property had been found for her.
43. Although the manager said the Council would deliver bottled water, Ms X says that did not happen so she continued buying bottled water until she moved out of the flat. She told me there was no improvement in the cold-water supply in the 10 months she lived in the flat.
44. On 31 August Ms X moved to a two-bedroomed property managed by a registered social housing provider. It is private rented accommodation let on an assured shorthold tenancy. Ms X is satisfied with her new accommodation.

### **The Council's comments**

45. The Council says it has changed its procedure for handling homelessness review requests since the events described in this statement. The relevant team now logs and monitors all review requests. They are then forwarded to an external consultant who is contracted to make the review decision on behalf of the Council.
46. Many of the issues in Ms X's complaint were about the suitability of the accommodation. These should have been addressed through the statutory review process rather than through the complaints procedure. The Customer Feedback team contacted the manager in February 2017, following further contact from Ms X, to ask him to complete the review. However, that did not happen.
47. The managers who met Ms X in July 2017 apologised for the Council's failings and its poor communication with her. They agreed to find suitable alternative accommodation for Ms X. Ms X refused the first offer in May 2017 but then moved to new accommodation in August.

## Conclusions

48. Ms X and her family spent 10 months in unsuitable accommodation. There was no cold water in the kitchen for the entire 10 months: Ms X told me this was not an intermittent problem at times of heavy demand. She had to buy several six-litre bottles of water at a time to use for drinking and cooking. She could not use her washing machine and took laundry to the launderette or used her mother's washing machine. There was hot water in the bathroom so Ms X and her family could take baths.
49. The lack of a cold-water supply in the kitchen means the accommodation fell below minimum acceptable standards. It was fault to place Ms X and her family in this accommodation particularly when the Council knew about the longstanding problems with the water supply.
50. The lack of water supply affected other flats. It was not unreasonable for Ms X to refuse the offer of a move to another flat in the same block in these circumstances. She believes the Council would not fund major repairs to fix the water supply problem because the block is scheduled for demolition.
51. After she moved in and discovered the defects, Ms X promptly requested a review of the suitability of the accommodation. The Council failed to respond. It should have replied by the last week in December 2016. It did not send her a decision in writing as the law requires. The Council's eventual acceptance that the property was unsuitable for Ms X and her family did not dispense with the legal requirement to issue a review decision in writing. These were serious faults.
52. Ms X used the Council's complaint procedure to try to get matters resolved. The Council says it overlooked the Stage Two complaint. That too was fault.
53. Ms X kept pressing for a response. She raised her concerns with local Councillors and her MP. However, it was not until July 2017 that the Council seems to have grasped the full seriousness of the situation. Even then, it did not follow through on its promise to start delivering supplies of bottled water.
54. Ms X believed the black marks on the bedroom ceiling were mould growth so she stopped using this room. Her baby was born prematurely and is susceptible to respiratory infections. Understandably she was not willing to let him sleep in a room which she believed had mould spores on the ceiling. She did not find out until late November 2016 the marks were smoke damage resulting from a fire in the flat. If she had been told this sooner, she would have decorated the room and started to use it. Instead she, her partner and baby shared a mattress in the living room until December.
55. Ms X and her family were left in unacceptable living conditions for far too long. She was put to the inconvenience and expense of buying bottled water and taking her laundry elsewhere. This caused Ms X and her family real hardship. The injustice was exceptionally severe and prolonged and it affected three people, one of whom was a vulnerable baby.

## Recommendations

56. The Council has agreed to take the following action within three months of the date of this report:
  - send Ms X a letter of apology (from the Council's Head of Service);
  - pay Ms X £300 a month for 10 months from October 2016 to August 2017;

- pay an additional £20 a week to reimburse her for the bottled water she bought from 19 October 2016 until 31 August 2017;
- pay an additional £15 a week for the extra expense of using laundry facilities outside the flat for the same period;
- tell us what steps it has taken to ensure that any other homeless families placed in the block do not experience similar problems to Ms X;
- put robust systems in place to log and track the progress of review requests to ensure compliance with the eight-week timescale;
- remind officers of the requirement to issue a written decision on every review request.

The Council should also consider the report at its full Council or Cabinet and we will require evidence of this. (Local Government Act 1974, section 31(2), as amended)

## **Decision**

57. We have completed our investigation into this complaint. There was fault by the Council which caused injustice to Ms X. The Council has agreed to take the action identified in paragraph 56 to remedy that injustice.

**Report for:** Corporate Committee – 22 March 2018

**Item number:** 10

**Title:** Annual Internal Audit Plan and Strategy 2018/19

**Report**

**authorised by :** Assistant Director of Corporate Governance

**Lead Officer:** Vanessa Bateman, Interim Head of Audit and Risk Management  
Tel: 07881 284151  
Email: [vanessa.bateman@haringey.gov.uk](mailto:vanessa.bateman@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 The Corporate Committee is responsible for reviewing and approving the annual internal audit plan as part of its Terms of Reference.
- 1.2 In order to facilitate this, a draft internal audit plan for 2018/19, together with the internal audit strategy, is provided for review and approval by the Corporate Committee.

**2. Cabinet Member Introduction**

- 2.1 Not applicable.

**3. Recommendations**

- 3.1 That the Corporate Committee reviews and approves the Internal Audit strategy.
- 3.2 That the Corporate Committee reviews and approves the Annual Internal Audit Plan for 2018/19.

**4. Reasons for decision**

- 4.1 Local authorities are required by law to maintain an internal audit function. In addition, The Accounts and Audit Regulations 2015 reinforce the statutory requirement and re-state the need for the Council to maintain an adequate and effective system of internal audit.
- 4.2 The annual internal audit plan is a key element in delivering the Council's statutory requirements. The Corporate Committee is responsible for ensuring that this is in place and approving the Council's Annual Internal Audit Plan.

**5. Alternative options considered**

- 5.1 Not applicable.

## **6. Background information**

- 6.1 Within Haringey, the Internal Audit function is comprised of Mazars, who undertake the majority of the internal audit work in accordance with the contract in place, including IT and procurement audit. Since the introduction of Shared Digital some assurances in 2018/19 and future years are likely to come from the Camden and Islington Audit Team. The in-house corporate anti-fraud team is responsible for investigations into allegations of financial irregularity, pro-active and reactive corporate anti-fraud work, provision of advice on risk and controls and some grant certification work.
- 6.2 Appendix A contains the proposed annual audit plan for 2018/19, which is risk based and has been derived following consideration of: the Corporate Plan and related Priorities; organisational changes; risk registers; corporate programmes and projects; the Annual Audit and Inspection Letter; changes to legislation; and fraud investigation work completed in 2017/18.
- 6.3 This approach reflects current best practice requirements for internal audit and ensures that, over the life of the contract, the Council's key financial and non-financial systems and services will be appropriately reviewed according to risk. This approach also ensures that the Council operates a fully integrated internal audit and risk management process.
- 6.4 Appendix A also includes the audit strategy which will be used to deliver the Council's internal audit plan. The strategy complies with the statutory 2013 UK Public Sector Internal Audit Standards (PSIAS), which provide a consistent framework for internal audit services across the UK public sector.

## **7. Contribution to strategic outcomes**

- 7.1 Internal audit is an important element of the Council's assurance processes. 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 Priority areas. The annual audit plan is a key element in ensuring the Council complies with its statutory responsibilities.

## **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 which will be completed by Mazars to undertake the annual audit plan in 2018/19 is part of the contract which was re-let following Cabinet approval in January 2018 in accordance with EU regulations. The costs of this contract are contained and managed within the Audit and Risk Management revenue budgets which are monitored on a monthly basis.

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

### **8.2 Legal**

The Assistant Director, Corporate Governance has been consulted in the preparation of this report, and in noting that the plan and strategy follow best



practice and industry standards respectively, confirms that there are no direct implications arising out of 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 – Draft Annual Internal Audit Plan and Strategy 2018/19.

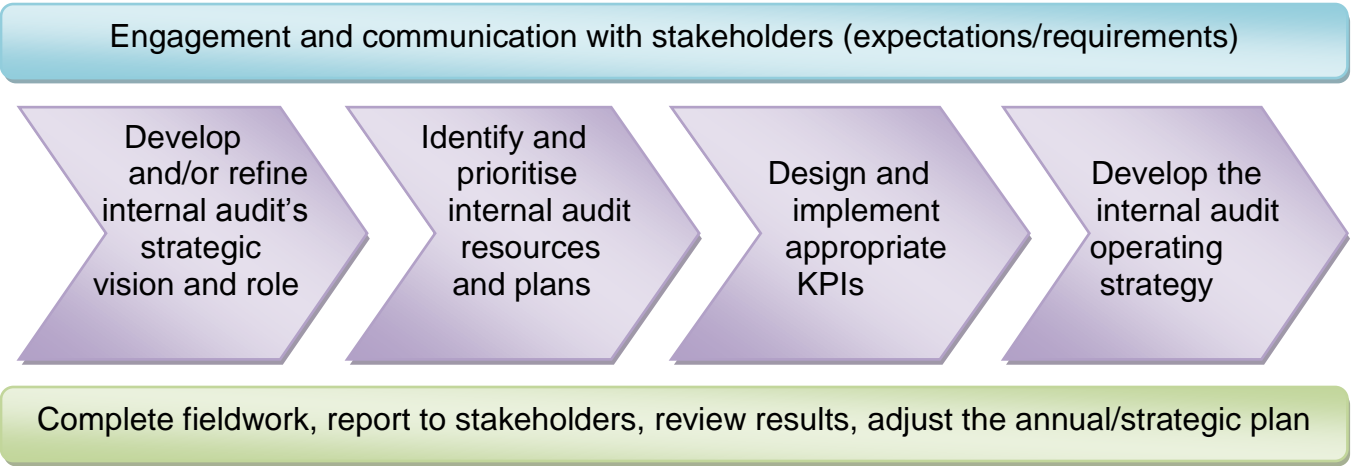
**10. Local Government (Access to Information) Act 1985**

Not applicable.

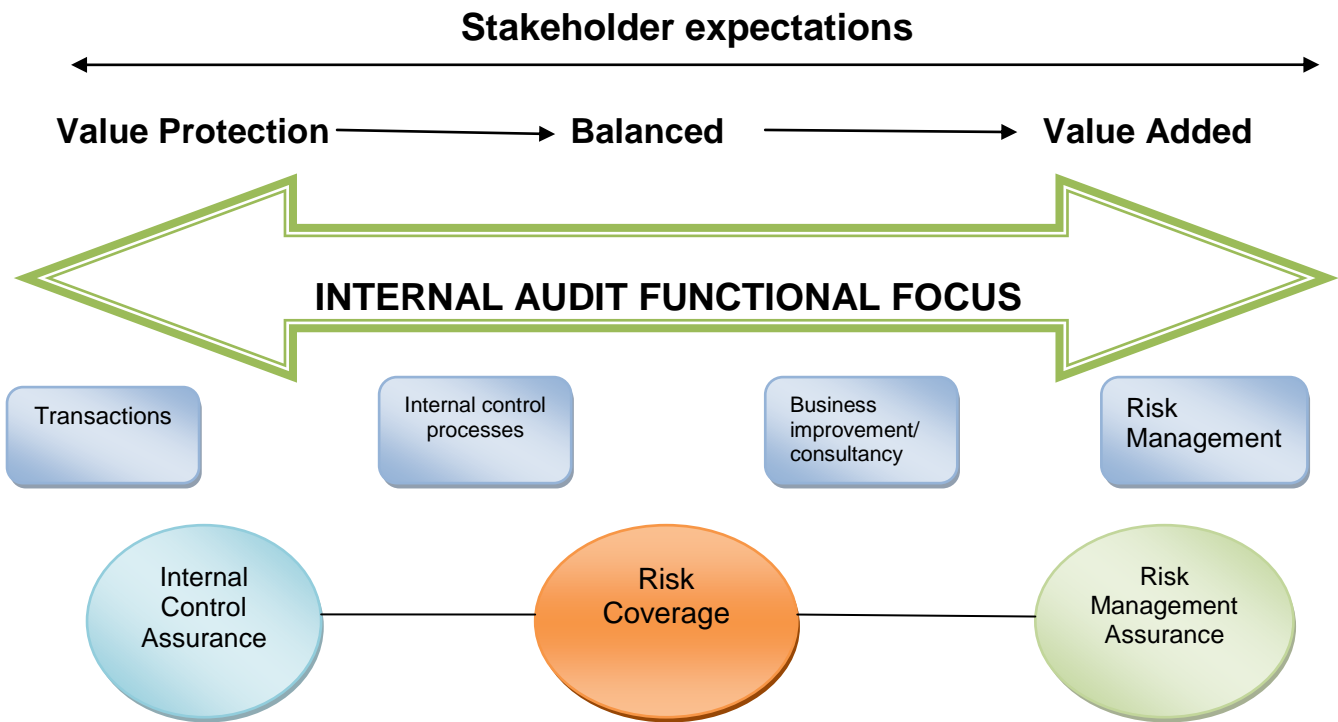
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Internal Audit Strategy – Introduction

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



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



## Internal Audit Objectives

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

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

## Internal Audit's Remit

Internal Audit will:

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

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

## Service Delivery 2018/19

The internal audit service will be delivered by a 'mixed economy' of externally procured services under the direction of the Council's Head of Audit and Risk Management, supported by an in-house Corporate Anti-Fraud Team. Since the formation of Shared Digital some audit assurances in 2018/19 may come from the Camden and Islington. The Council participates in the London Audit & Anti-Fraud Partnership to work with other local authorities on a shared service basis. This includes appropriate: resource provision, joint working, audit management & strategy and a range of value added services.

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

### Internal Audit Planning

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

- Discussions with the Council's senior management, statutory officers and Priority Owners;
- The Council's Risk Registers and Corporate Plan;
- Outputs from other assurance providers; and
- Requirements as agreed with the council's external auditors.

The annual Internal Audit Plan is composed of the following:

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

### Follow-up

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

### Reporting

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

## Internal Audit Plan 2018/19

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

The table below sets out the internal audit work to be completed by the external contractor. The total number of days to be delivered excludes audit work that will be completed as part of the corporate anti-fraud team's work.

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

Audit area	Client	Quarter	Days
<b>Corporate/Cross Cutting Risk Audits</b>			
Information Governance / Government Data Protection Regulations	Director of Transformation and Resources	1	15
HR Policies	Assistant Director – SSC	1	20
Establishment of Commercial Entities	Chief Executive / Director of Transformation and Resources	2	10
Debt Recovery	Director for Commercial & Operations / Chief Finance Officer	3	15
Complaints and Member Enquiries	Assistant Director – SSC	4	15
<b>Sub-total – Corporate Risk Audits</b>			<b>75</b>
<b>Corporate Plan – Priority Risk Audits</b>			
<b>Priority 1 – Outstanding for all</b>			
Child Sexual Exploitation	Director of Children's Services	1	15
Youth Justice (Asset Plus)	Director of Children's Services	2	10
Payments for Foster Carers	Director of Children's Services	3	15
<b>Sub-total Priority 1</b>			<b>40</b>
<b>Priority 2 – Outstanding for all</b>			
Mental Capacity Assessments	Director of Adult Social Services	1	15
Delayed Transfer of Care	Director of Adult Social Services	2	15
Interface with Mental Health Trust	Director of Adult Social Services	3	10
Transitions	Director of Adult Social Services	4	15
<b>Sub-total Priority 2</b>			<b>55</b>

<b>Audit area</b>	<b>Client</b>	<b>Quarter</b>	<b>Days</b>
<b>Priority 3 – Clean and Safe</b>			
HCPS	Director for Commercial & Operations	1	15
Adam Platform	Director for Commercial & Operations	2	15
<b>Sub-total Priority 3</b>			<b>30</b>
<b>Priority 4 – Sustainable Housing Growth and Employment</b>			
Regeneration Projects & Programmes	Director of Regeneration Planning and Development	2 & 4	30
New Build Properties - advisory	Director of Housing and Growth	1	10
<b>Sub-total Priority 4</b>			<b>40</b>
<b>Corporate IT Audits</b>			
SAP	Assistant Director Transformation and Resources	TBC	15
Robotic Process Automation	Assistant Director Transformation and Resources	TBC	10
IT Contingency	Assistant Director Transformation and Resources	TBC	10
<b>Sub-total – Corporate IT Audits</b>			<b>35</b>
<b>Contract and Procurement Audit</b>			
Hayes	Assistant Director – SSC	2&4	20
Amey	Assistant Director Transformation and Resources	1	15
<b>Sub-total – Contract Audits</b>			<b>35</b>
<b>Key Financial Systems (KFS)</b>			
Key Financial Controls	Chief Finance Officer	1	10
Grants and Loans	Chief Finance Officer	1	10
Housing Benefit Overpayments	Assistant Director – SSC	1	10
Budget Monitoring & Control	Chief Finance Officer	3	15
Teachers' Pensions contributions (Grant certification requirement)	Chief Finance Officer	1	5
<b>Continuous Auditing</b>			<b>130</b>
Operational Finance Control	Head of Operational Finance	1-4	
Cash Receipting	Head of Operational Finance	1-4	
Treasury Management	Head of Pensions	1-4	
Accounting & General Ledger	Head of Operational Finance	1-4	
Pension Fund Investment	Head of Pensions	4	
Accounts Receivable (Sundry Debtors)	Assistant Director – SSC	1-4	
Accounts Payable (Creditors)	Assistant Director – SSC	1-4	
Housing Benefits	Assistant Director – SSC	1-4	

<b>Audit area</b>	<b>Client</b>	<b>Quarter</b>	<b>Days</b>
Council Tax	Assistant Director – SSC	1-4	
NNDR	Assistant Director – SSC	1-4	
Payroll	Assistant Director – SSC	1-4	
<b>Sub-total – Key Financial Systems</b>			<b>180</b>
<b>School Audits Risk Based Programme</b>			
<b>Primary Schools</b>			
The Willow Primary	School Head Teachers		5
Chestnuts Primary	School Head Teachers		5
Devonshire Hill Primary	School Head Teachers		5
Earlham Primary	School Head Teachers		5
Earlsmead Primary	School Head Teachers		5
Highgate Primary	School Head Teachers		5
Risley Avenue Primary	School Head Teachers		5
St Francis de Sale Primary	School Head Teachers		5
St Ignatius Primary	School Head Teachers		5
St James C of E Primary	School Head Teachers		5
Stamford Hill Primary	School Head Teachers		5
South Haringey Infants	School Head Teachers		5
Rowland Hill Nursery	School Head Teachers		5
<b>Secondary Schools</b>			
Gladesmore Secondary	School Head Teachers		6
Parkview Secondary	School Head Teachers		6
Schools Governance and Finance	Assistant Director for Schools and Learning		20
Follow up of 2017/18 school audits	School Head Teachers		25
<b>Sub-total – School Audits</b>			<b>122</b>
Follow up of Audit Recommendations			20
Admin and Management			40
Risk Management			15
Contingency			40
<b>Total</b>			<b>727</b>