NOTICE OF MEETING

CORPORATE COMMITTEE

Thursday, 20th September, 2018, 7.00 pm - Civic Centre, High Road, Wood Green, N22 8LE

Members: Councillors Isidoros Diakides (Chair), Dana Carlin (Vice-Chair), Dawn Barnes, Barbara Blake, Eldridge Culverwell, Makbule Gunes, Mike Hakata, Liz Morris, Ishmael Osamor, Alessandra Rossetti, Yvonne Say and Daniel Stone

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 - 8)

To consider and agree the minutes of the meeting held on 24 July 2018.

7. 2017/18 STATEMENT OF ACCOUNTS UPDATE (PAGES 9 - 74)

8. RENAMING OF TOWN HALL APPROACH ROAD TO NEW WIND RUSH GARDENS (PAGES 75 - 78)

9. Q1 TREASURY MANAGEMENT UPDATE (PAGES 79 - 90)

10. QUARTER 1 INTERNAL AUDIT UPDATE (PAGES 91 - 110)

11. Q1 ANTI FRAUD UPDATE (PAGES 111 - 120)

12. ANNUAL SCHOOLS REPORT (PAGES 121 - 130)

13. ANY OTHER BUSINESS OF AN URGENT NATURE

To consider any items admitted at item 2 above.

14. DATE AND TIME OF NEXT MEETING

3rd December 2018

Philip Slawther, Principal Committee Co-ordinator

Tel – 020 8489 2957
Fax – 020 8881 5218
Email: philip.slawther2@haringey.gov.uk

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

Wednesday, 12 September 2018

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MINUTES OF THE MEETING OF THE CORPORATE COMMITTEE HELD ON TUESDAY, 24TH JULY, 2018, 19:00.

PRESENT:

Councillors: Isidoros Diakides (Chair), Dana Carlin (Vice-Chair), Dawn Barnes, Barbara Blake, Eldridge Culverwell, Makbule Gunes, Mike Hakata, Liz Morris, Ishmael Osamor, Alessandra Rossetti, Yvonne Say and Daniel Stone

12. 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.

13. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS (IF ANY)

Apologies for lateness were received from Cllr Hakata and Cllr Culverwell.

14. URGENT BUSINESS

There were no items of urgent business.

15. DECLARATIONS OF INTEREST

There were no declarations of interest.

16. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

None.

17. MINUTES

RESOLVED

I. The Board agreed the minutes of the meeting on 9th July as a correct record.

18. STATEMENT OF ACCOUNTS 2017/18 AND AUDIT FINDINGS REPORT

The Committee received a cover report setting out the process for agreeing the Annual Statement of Accounts, which was included in the agenda pack at pages 11-16. The Committee also received an audit completion report from the external auditors, BDO, which was Appendix 2 of the report and was included in the second dispatch agenda pack at pages 3-46. The Committee further received Haringey's draft

Statement of Accounts for 2017/18 which was Appendix 3 of the report and was included in the second dispatch agenda pack at pages 47-189.

BDO introduced the audit completion report for the year ended 31 March 2018. In summary, it was noted that no significant audit risks were identified during the course of the audit procedures subsequent to the Audit Plan dated 8th March 2018. BDO also advised that they had not identified any material misstatements.

The following points were raised in discussion of the report and the accompanying appendices:

a. The Committee were advised that BDO had some concerns in relation to journals >£50k and a lack of system (SAP) enforced segregation of authorisation.
b. The auditors advised that on Council Dwellings, the Valuer had incorrectly applied a blanket 5% uplift to the previous valuation rather than undertake a full revaluation of 20% of beacon properties as per their agreed methodology. In response to a query, BDO advised that for 17/18 the uplift appeared reasonable however, by not applying the full revaluation to beacon properties each year there was a risk longer term of a fractional drift in the accuracy of valuations on a year-to-year basis. The Chief Finance Officer acknowledged that he was working with the valuer to address this issue.
c. In response to concerns raised in the report, officers acknowledged that some changes would be made to the processes and controls around the updating of the fixed asset register during the year.
d. The auditors advised that in relation to the audit area of pension liability assumptions, the actuary's IAS 19 report which uses estimates for the final 2 months of the year, had under-estimated the growth on fund value by c. £12m. The Committee was advised by BDO that this was not a material concern and that this would correct itself in the next financial year (2018/19). In response to a question, BDO advised that Haringey's share of the £12m understatement was around £9m.
e. The Committee sought assurances around the implications of transferring commercial properties from the HRA to the General Fund. In response, the Committee was advised that any debt associated with these properties transferred from the HRA to the General Fund, and therefore the Council would be improving the headroom in the HRA borrowing cap as interest rates in the HRA would reduce. This was a revenue neutral measure overall as the Council was simply transferring funds from one area of the balance sheet to another.
f. The auditors highlighted an improving position in relation to the collection of Council Tax arrears and suggested that the Council may have been too prudent in calculating it's bad debt provision in this area. The Chief Finance Officer agreed to review the provision percentages applied and consider the impact of improved recoverability in relation to the estimate of future write-offs of uncollectable debt. **(Action: Jon Warlow).**
g. In response to a question about how well the Council was recovering the overpayment of housing benefit, the auditors advised that there were no material concerns in relation to this but that further work needed to be undertaken to improve recovery of overpayments. The Committee suggested that the strategy should be to stop overpayments at source rather than having

to go through a recovery process. In response, officers acknowledged these concerns.

h. The auditors highlighted concerns with the Minimum Revenue Provision charge to the General Fund. The Committee was advised that since 1 April 2016 the Council had adopted an annuity curve methodology rather than a straight line charge when it came to repaying the costs of financial borrowing and that this had saved the authority around £10m this year. Whilst the total sum eventually paid is the same, the concern was that the costs would have to be paid at a later date, and the Council was effectively gambling on an improved financial outlook in the future to offset these costs. The Chief Finance Officer agreed that he would continue to monitor the Minimum Revenue Provision charge going forwards. The Committee noted that this was something that a number of other local authorities had adopted.
i. The auditors advised that there had been a significant improvement in the Council's overall financial outturn position following a refresh of the MTFS. In response to a question, the Committee was advised that there had been significant budget re-alignments in the demand led services which had had a positive impact on the improved overall outturn position.
j. The Committee noted that the final version of the audit report would be issued on 31st July and this would include the management response to the audit recommendations. Officers agreed to circulate this to the Committee when it was available. **(Action: Frances Palopoli).**

RESOLVED

I. That the Committee considered the contents of the cover report, as well as any further oral updates given at the meeting by BDO LLP.

II. That the Committee approved the draft Statement of Accounts 2017/18, as set out in Appendix three of the second agenda pack, subject to any final changes required by the conclusion of the audit being delegated to the Chief Financial Officer in consultation with the Chair.

III. That the Committee gave the Chair of the Committee and Chief Finance Officer (S151 Officer) authority to sign the letter of representation to the Auditor.

IV. That the Committee noted the Audit Findings Report of the auditors, BDO LLP, as set out Appendix two of the second agenda pack; and, having heard the verbal management response to BDO LLP's Audit Findings Report, the committee agreed the management response subject to any final changes required by the conclusion of the audit being delegated to the Chief Financial Officer in consultation with the Chair.

V. That the Committee noted that a copy of the final Audit Completion Report, containing final management responses, would be sent round to Committee members after the meeting.

19. ANNUAL INTERNAL AUDIT REPORT 2017/18

Minesh Jani, Head of Audit and Risk Management, introduced a report which updated Members on the overall adequacy and effectiveness of the system of internal control and risk management for 2017/18. The report also presented a summary of the audit work undertaken in 2017/18. In summary, the Head of Audit and Risk Management advised that there was an adequate level of assurance overall.

The following points were noted in discussion of the report:

a. In response to a request for clarification on the overall level of assurance, the Committee was advised that this was a reflection of the organisation's ability to manage risks given the level of staff and resources that were available.
b. In response to a query in relation to Osborne Grove, the Head of Audit and Risk Management advised that the initial audit resulted in no assurance being given. The subsequent audit found that whilst all of the audit points had been implemented from the previous audit, the overall assurance level remained as no assurance.
c. In response to queries in relation to school management audits, the Head of Audit and Risk Management acknowledged that this covered both primary and secondary school audits. The Committee were advised that the Schools Audit Report would be brought to the Committee at its next meeting in September. The Head of Audit and Risk Management also agreed to look into how the audit plan compared to the previous year. **(Action: Minesh Jani).**
d. In response to a question, the Head of Audit and Risk Management acknowledged that of the 54 audits undertaken last year, none had received full assurance. In clarifying, the Head of Audit and Risk Management advised that the vast majority of audits undertaken resulted in limited assurance being given. The Committee noted that this was not seen as a problem, as receiving full assurance was a relatively high bar to achieve. The Head of Audit and Risk Management advised that he was considering developing a further category of assurance to better help differentiate audit projects receiving limited assurance.
e. In response to a request for clarification on the limited assurance received in relation to the contract extension and waiver process, the Head of Audit and Risk Management advised that this reflected how well contracts were managed by the Council. The Head of Audit and Risk Management elaborated that the audit was undertaken to measure the effectiveness of processes related to contracts, waivers and extensions; and to consider the extent to which they were managed in a timely way, so that when one contract ended another was in place.
f. Head of Audit and Risk Management confirmed that the most serious breaches that occurred last year were Osborne Grove and the two schools that received no assurance. The Head of Audit and Risk Management agreed to meet with any members of the Committee who wanted to discuss Osborne Grove in more detail. **(Action: Minesh Jani/Committee Members).**
g. The Committee raised concerns about schools who consistently received no assurance and queried whether a tougher stance should be taken. In response, the Head of Audit and Risk Management suggested that the Council needed to strike a balance and that the Council should adopt a broadly understanding approach. The Head of Audit and Risk Management cautioned against referring cases to Ofsted.

h. The Committee requested that a paper be brought to the next meeting which sets out school audit issues. The Committee also requested that the Assistant Director of Schools be invited to the meeting, along with the Cabinet Member. **(Action: Minesh Jani/Clerk).**
i. In response to a question, the Head of Audit and Risk Management advised the Committee that the audit of Looked after Children and the high cost of placements was deferred at management's request. The Head of Audit and Risk Management assured the Committee that this would be undertaken as part of the Audit Plan for 2018/19.
j. The Committee requested an update from the Head of Audit and Risk Management at its next meeting explaining the reasons why some audits were deferred from the 2017/18 audit plan to 2018/19. **(Action: Minesh Jani).**
k. In response to concerns raised around counter-fraud work and No Recourse to Public Funds (NRPF), the Committee were advised that the Fraud Team simply did not have the resources available to be involved with every NRPF transaction. The Head of Audit and Risk Management agreed to bring a paper to the next Committee which set out some of the issues in relation to NRPF and fraud. **(Action: Minesh Jani).**
l. In relation to concerns about the nature of the role of the Fraud Team in Right to Buy applications, the Committee was advised that the Fraud Team's role was, in most cases, limited to checking that the mortgage was bona fide, came from a proper financial institution and that money laundering regulations had been complied with.

RESOLVED

I. That the Committee noted the content of the Head of Audit and Risk Management's annual audit report and assurance statement for 2017/18.

20. DRAFT ANNUAL GOVERNANCE STATEMENT 2017/18

Minesh Jani, Head of Risk and Audit Management introduced the report which set out draft 2017/18 Annual Governance Statement (AGS) for review and comment. The Corporate Committee was responsible for approving the Council's draft AGS as part of its Terms of Reference. In order to facilitate this, and provide information on sources of assurance from across the Council, reports had been provided on a regular basis for the Corporate Committee. These reports culminated in the production of the draft AGS.

The following points were noted in discussion of the report.

a. In response to a question, the Head of Audit and Risk Management listed his key concerns as: The ability to implement a number of MTFS savings which had been rolled forward from last year to this year; failed school audits; late notification of issues in relation to Tangmere House; implementation of GDPR; Osborne Grove; the Joint Inspection report and updating local corporate governance arrangements.
b. The Chair enquired whether officers felt that the Council was fulfilling the spirit of its governance functions, rather than the minimum standard required to meet compliance. The Head of Audit and Risk Management advised that the Council was meeting its duties in respect of governance arrangements, but suggested

that the new administration could seek to expand it's audit and risk management functions, to give more assurance, if it so wished.

c. The Chair highlighted the two areas of public consultation and asset disposals, as examples of areas in which the Council had could be viewed as having been less than transparent in the past. The Head of Audit and Risk Management advised that the AGS should pick up both of these issues and suggested that systems were in place for monitoring this. The Committee noted that its predecessor had looked into the issue of asset disposal. The Committee agreed to review the previous report before undertaking any further work around the issue of asset disposals. **(Committee to note).**
d. The Committee agreed to consider areas of concern, that they would like to see included on the 2018/19 Audit Plan and to feed these back to the Head of Audit and Risk Management outside of the meeting. **(Action: All).**

RESOLVED

I. That Corporate Committee reviewed and approved the draft 2017/18 Annual Governance Statement.

II. That Corporate Committee noted the approval timescale and processes for the draft 2017/18 Annual Governance Statement.

21. COUNTER FRAUD UPDATE REPORT 2017/18 - QUARTER 4

Minesh Jani, the Head of Audit and Risk Management introduced a report which provided an update on the work undertaken by the Counter Fraud Team in the quarter ending 31 March 2018. The report was included in the agenda pack at pages 61-70.

The following points were noted in discussion of the report.

I. In response to a query about illegal sub-letting of Council houses, officers advised that the Fraud Team worked closely with the DWP and other partners to ensure a joined-up approach to instances of fraud.
II. The Committee raised concerns with the presence of targets in relation to counter-fraud work. In response, officers advised that it was important to have some target in order to emphasise the negative cost to the Council. The Head of Audit and Risk Management advised that there were only two targets and these related to the number of fraudulent secure tenancies recovered and the number of fraudulent Right to Buy applications prevented. The Committee was advised that that the Audit Commission had calculated the average cost to a local authority from a fraudulent secure tenancy application as £18k. This figure had been used by the courts as the basis for calculating cost recovery.
III. In response to a query, the Head of Audit and Risk Management advised that the Council no longer investigated instances of Housing Benefit fraud, as this was solely undertaken by DWP.
IV. The Committee noted that the counter-fraud update report was produced quarterly and would come back to the Committee in due course.

RESOLVED

That the Committee noted the counter-fraud work completed in the quarter to 31 March 2018.

22. ANTI FRAUD AND CORRUPTION STRATEGY

Minesh Jani, Head of Audit and Risk Management introduced the report which set out the Council's Anti-Fraud and Corruption Strategy. The Corporate Committee was responsible for approving the Council's Anti-Fraud and Corruption Strategy under its Terms of Reference.

The Committee welcomed the opportunity to be more involved with the formulation of the Anti-Fraud and Corruption Strategy for 2018/19.

RESOLVED

I. That the Corporate Committee reviewed and endorsed the Corporate Anti-fraud and Corruption Strategy together with the appended Fraud Response Plan, Whistle-blowing Policy, Sanctions Policy, Anti-money Laundering Policy and the Anti-bribery Policy.

23. DATE AND TIME OF NEXT MEETING

It was noted that the next meeting of the Committee was on 20th September 2018.

24. ANY OTHER BUSINESS OF AN URGENT NATURE

None.

CHAIR: Councillor Isidoros Diakides

Signed by Chair ………………………………..

Date …………………………………

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Agenda Item 7

Report for: **Corporate Committee 20 September 2018**

Item number:

Title: **2017/18 Statement of Accounts - update**

Report authorised by : **Jon Warlow, Int. Director of Finance**

Lead Officer: **Frances Palopoli, Head of Finance Operations, 0208 489 3896, frances.palopoli@haringey.gov.uk**

Ward(s) affected: **All**

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

1. Describe the issue under consideration

To provide details of the final outcome of the external audit of the 2017/18 Statement of Accounts which completed on 31 July 2018 and the agreed management actions being taken forward.

2. Cabinet Member Introduction

Not applicable

3. Recommendations

4.

That the Committee:

a) Note that the final 2017/18 general fund outturn, post completion of the external audit, was an overspend of £0.404m compared to the £0.019m reported in the outturn which has been offset against the GF reserve. The 2018/19 brought forward GF reserve balance is now £15.5m still in line with the level proposed in the budget paper approved by Full Council in February 2018.

b) Notes the contents of the external auditor's final audit completion report at Appendix A & annual audit letter at Appendix B, including the agreed management responses to the recommended actions contained in Appendix II of Appendix A.

c) Confirms when to receive an update on progress against agreed actions.

5. Reasons for decision

Making arrangements for proper administration of financial affairs under section 151 Local Government Act 1972 & Approving statements under The Accounts and Audit Regulations 2015 and any amendment or re-enactment of the Regulations and considering the external auditor's report on issues arising from

Haringey LONDON

the audit of the accounts or any other concerns relating to accounting policies are the responsibility of the Corporate Committee.

6. Alternative options considered

n/a

7. Background information

7.1 The Corporate Committee on 24 July received the 2017/18 Statement of Account along with the draft external audit report which was presented by the auditor - BDO LLP.

7.2 At that date, due to the revised statutory deadlines, BDO had yet to complete all of their testing although they confirmed to the Committee that they did not expect to identify any significant issues above anything that was included in their draft audit report discussed on the 24th July. Committee therefore confirmed approval to delegate the final sign off to the Chair and Chief Finance Officer in order to meet the statutory deadline of 31 July 2018.

7.3 The audit testing was completed and the accounts were duly signed off and published to meet the new deadline. The final BDO audit completion report for the year ended 31 March 2018 is attached as Appendix 1.

7.4 The completion of the audit work, after the committee meeting highlighted a few items well below materiality that management agreed not to adjust for. The biggest item, which impacted on the net asset figure, was the actuary's underestimation of the growth on assets included in the IAS 19 report; this was discussed at the committee meeting but not included in the draft report. The final impact of all the unadjusted audit differences (see page 3 and Appendix 1 of the BDO report) if corrected would be to decrease the deficit on the provision of services for the year by £3.7m and increase net assets by £7.6m. There would have been no impact on the General Fund balance or HRA balance.

7.5 There were no changes to the recommendations between the two reports and management have already started to action these.

7.6 The work on the Whole of Government Accounts (WGA) has been completed and submitted to the Treasury by the deadline of the 31 August 2018.

Objections

7.7 The Annual Audit Letter for the year ended 31 March 2018 (Appendix B) summarises the key issues arising from the work carried out at LB Haringey for the year ended 31 March 2018 and includes an update on the questions and objections received from local electors as part of their statutory powers (page 10 of Appendix B). One objection was raised around the proper maintenance of dwellings in accordance with the Council's duty as a landlord which BDO LLP considered a valid objection.

7.8 Work is on-going to investigate this matter however BDO are satisfied from their review to date that it does not have a material effect on the financial statements or on their value for money conclusion.

8. Contribution to strategic outcomes

Good financial management supports delivery of strategic outcomes.

9. **Statutory Officers comments**

Finance
These are included within the report.

Procurement
Strategic Procurement notes the contents of this report.

Legal
The Corporate Committee received the Statement of Accounts at its meeting of 24 July 2018. This report provides an update to the draft external audit report presented at that meeting by the external auditor, BDO LLP.

The Statement of Accounts and subsequent audit have been produced in accordance with the Accounts and Audit Regulations 2015, the Chartered Institute of Public Finance (CIPFA) Code of Practice and industry best practice principles and there are no areas of dispute between the Council and the auditors. Accordingly there are no direct legal implications arising from the report.

Equality
The Council has a public sector equality duty under the Equalities 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; and
- Foster good relations between people who share those characteristics and people who do not.

There are no direct equality implications arising from the report.

10. Use of Appendices
Appendix A – BDO LLP Audit Completion Report for the year ended 31 March 2018
Appendix B – BDO LLP Annual Audit Letter for the year ended 31 March 2018

11. Local Government (Access to Information) Act 1985
London Borough of Haringey 2017/18 Statement of Account

LONDON BOROUGH OF HARINGEY

AUDIT COMPLETION REPORT

Audit for the year ended 31 March 2018

31 July 2018

Appendix 1

CONTENTS

WELCOME

We have pleasure in presenting our Audit Completion Report to the Corporate Committee. This report is an integral part of our communication strategy with you, a strategy which is designed to ensure effective two way communication throughout the audit process with those charged with governance.

It summarises the results of completing the planned audit approach for the year ended 31 March 2018, specific audit findings and areas requiring further discussion and/or the attention of the Corporate Committee. At the completion stage of the audit it is essential that we engage with the Corporate Committee on the results of audit work on key risk areas, including significant estimates and judgements made by management, critical accounting policies, any significant deficiencies in internal controls, and the presentation and disclosure in 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 and use of resources. This report has been prepared solely for the use of the Corporate Committee and those charged with governance. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person.

This report contains matters which should properly be considered by the Council as a whole. We expect that the Corporate Committee will refer such matters to the Council, together with any recommendations, as it considers appropriate.

In communicating with those charged with governance of the Council and the Group, we consider those charged with governance of subsidiary entities to be informed about matters relevant to their entity. Please let us now if this is not appropriate.

OVERVIEW

This summary provides an overview of the audit matters that we believe are important to the Corporate Committee in reviewing the results of the audit of the financial statements of the Council and consolidated entities (together the 'Group') and use of resources of the Council for the year ended 31 March 2018.

It is also intended to promote effective communication and discussion and to ensure that the results of the audit appropriately incorporate input from those charged with governance.

AUDIT SCOPE AND OBJECTIVES	
Audit status	We have substantially completed our audit procedures in accordance with the planned scope and our objectives have been achieved, subject to resolution of matters set out in the outstanding matters section below.
Audit risks update	No additional significant audit risks were identified during the course of our audit procedures subsequent to our Audit Plan dated 8 March 2018.
Materiality	Our final materiality is £16.7 million for the Council and £16.8 million for the Group financial statements.
Changes to audit approach	There were no significant changes to our planned audit approach nor were any restrictions placed on our audit.
Group audit	Our approach was designed to ensure we obtained the required level of assurance across the components of the Group in accordance with ISA (UK) 600 (Audits of Group Financial Statements). This objective has been achieved. To summarise our audit coverage: • Total expenditure: 99% full audit and 1% Group level procedures • Total assets: 95% full audit and 5% Group level procedures.
KEY AUDIT AND ACCOUNTING MATTERS	
Material misstatements	Our audit identified no material misstatement.
Unadjusted audit differences	We are required to bring to your attention audit differences that we have identified along with other presentation and disclosure misstatements, that you are not proposing to adjust. A full list of misstatements is included in appendix I. If corrected, these would decrease the deficit on the provision of services for the year by £3.7 million, increase net assets by £7.6 million and would have no impact on the General Fund balance and HRA balance.
Control environment	We have identified one significant deficiency in the Council's internal controls. SAP the general ledger system does not enforce segregation within the system on posting of journal entries over £50,000 by per Council's policy. The segregation is however done through paper trail. We selected a sample of journals to test and no issues were identified.

OVERVIEW

KEY MATTERS FROM OUR AUDIT OF USE OF RESOURCES	
Sustainable resource deployment	Funding gaps have been identified from 2019/20 to 2022/23 (£6.9 million, £ 7.3 million, £7.8 million and £7.8million respectively). 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). The Council need to continue to monitor the control of demand-led services, the delivery of the savings necessary to meet the MTFS and the impact of changes being implemented on the delivery of services, to ensure that there are no unanticipated detrimental outcomes. While there is a recognised funding gap in the MTFS, we are satisfied that the Council has appropriate arrangements to continue to remain financially sustainable over the period of the MTFS.
AUDIT OPINION	
Financial statements	We anticipate issuing an unmodified opinion on the consolidated Group financial statements and the Council financial statements for the year ended 31 March 2018.
Annual Governance Statement	We have no exceptions to report in relation to the consistency of the Annual Governance Statement with the financial statements or our knowledge.
Use of resources	We anticipate issuing an unmodified opinion on the arrangements in place to secure economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2018.
OTHER MATTERS FOR THE ATTENTION OF THE CORPORATE COMMITTEE	
Whole of Government Accounts (WGA)	We will complete our review of the WGA Data Collection Tool (DCT) after we have completed our audit of the financial statements. We intend to issue our opinion on the consistency of the DCT return with the audited financial statements before the 31 August 2018 statutory deadline.
Audit independence	Our observations on our audit independence and objectivity and related matters are set out in Appendix IV.
Management letter of representation	The draft management letter of representation, to be approved and signed, is set out in Appendix VI.

OUTSTANDING MATTERS

The following matter is outstanding at the date of this report.

1 Management letter of representation, as attached in Appendix VI to be approved and signed

KEY AUDIT AND ACCOUNTING MATTERS

AUDIT RISKS

We have assessed the following as audit risks from our audit planning. We set out how these risks have been addressed and the outcomes of our work.

Key: ■ Significant risk ■ Normal risk

	AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
1	**Management override of controls**	Auditing standards presume that a risk of management override of controls is present in all entities and require us to respond to this risk by testing the appropriateness of accounting journals and other adjustments to the financial statements, reviewing accounting estimates for possible bias and obtaining an understanding of the business rationale of significant transactions that appear to be unusual. By its nature, there are no controls in place to mitigate the risk of management override.	We have: • Tested a sample of the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.	We have used data analytics software, BDO Advantage, to review the Council's general ledger, in order to focus our testing of journals on higher risk areas. Our detailed testing of a sample of journals did not identify any issues.
			• Reviewed significant accounting estimates for biases and evaluated whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud.	We have not found any indication of management bias in accounting estimates. Our views on significant management estimates are set out in this report.
			• Obtained 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.	We have identified no significant or unusual transactions to date which we consider to be indicative of fraud in relation to management override of controls.

KEY AUDIT AND ACCOUNTING MATTERS

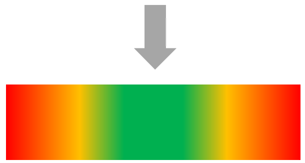
	AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
2	**Revenue recognition**	Under auditing Standards there is a presumption that income recognition presents a fraud risk. In particular, we consider there to be a significant risk in respect of the existence (recognition) of revenue and capital grants that are subject to performance and / or conditions before these may be recognised as revenue in the comprehensive income and expenditure statement (CIES). We also consider there to be a significant risk in relation to the existence of fees and charges and investment rental income recorded in the CIES with a particular focus on year-end cut off.	We have: • Tested 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. • Tested 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.	Our audit testing has not identified any issues in respect of the recognition of grant income. Grants amounting to £2.6 million where double counted under Housing benefit subsidy and flexible housing grant. Management has adjusted for this in the second version of the accounts. Our audit testing has not identified any issues in respect of the recognition fees and charges income in the correct period.

KEY AUDIT AND ACCOUNTING MATTERS

	AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
3	Land, buildings, dwellings and investment property valuations	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.	We have: • Reviewed the instructions provided to the valuer and reviewed the valuer's skills and expertise in order to determine if we can rely on the management expert.	We assessed the valuer's competence, independence and objectivity and determined we could rely on the management expert.
		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.	• Reviewed the basis of valuation for a sample of assets valued in year was appropriate based on their usage.	We reviewed the valuation methodology applied and confirmed the basis of valuation for assets valued in year as appropriate.
		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.	• Discussed with management and the valuer the impact of the structural defects identified on a number of Broadwater Farm blocks and the potential impact on their valuations.	The commissioned condition surveys set out the serious level of the structural defects and also the associated requirement to replace the current provision of gas to most of the estate. This clearly impacts on the carrying value of the buildings as significant capital expenditure will be required to address the safety issues. We requested that management reduce the valuation of these buildings to reflect the required investment. Management has agreed to impair (reduce) the valuation of these blocks by £12.8m in the financial statement
			• Reviewed valuation movements against indices of price movements for similar classes of assets and followed up valuation movements that appear unusual against indices.	We set an expectation range for each class of asset based on indices price movements. See the following pages.

KEY AUDIT AND ACCOUNTING MATTERS

AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
		• Checked that Beacon valuations have been applied correctly to all dwellings. A Beacon is a representative dwelling for a group of dwellings with similar characteristics.	For a sample of dwellings we confirmed that these were allocated to an appropriate Beacon by reference to location, architype and number of bedrooms. In addition, we compared the number of properties grouped to each Beacon at the start of the year and at the end and reconciled all significant movements to additions, disposals and transfers during the year. No issues were identified.

SIGNIFICANT ESTIMATE		IMPACT
Land and buildings are valued by reference to existing use market values	**Other land and buildings - Existing use basis of valuation in an active market** The valuer undertook valuations at 31 January 2018 on all assets (£49 million by value) valued on an existing use basis where there is an active market. The valuer has calculated values based on floor areas and estimated rental income based on a review of comparable properties in the area and benchmarking data available. We have reviewed a sample of valuations to data used by the valuer and confirmed that for the majority of those tested, appropriate inputs had been used. However, a number of differences were found between the values used in revaluation calculations for floor areas and the values in supporting evidence. We were able to isolate the most significant issue to a single asset which resulted in PPE being understated by £4.819m. This related to a valuation calculation for a piece of land that was found to have used an inaccurate figure for the area in square meters. For the remainder of the errors, we recalculated the valuations using the best information available, extrapolated the errors over the population tested and amalgamated the total with extrapolated errors for other valuation methods. The total amounts not corrected have been included as unadjusted errors on appendix 1. We consider these differences arise from a deficiency in controls and have included a recommendation in the action plan at Appendix II. We compared the percentage movement of revalued assets to general market movements using information provided by Gerald Eve LLP and challenged the valuer for any valuations that were outside of an acceptable range. We concluded that the valuations for other land and buildings based on existing use in an active market are reasonable.	 < lower higher >

KEY AUDIT AND ACCOUNTING MATTERS

SIGNIFICANT ESTIMATE — **IMPACT**

Some specialist buildings are valued at depreciated replacement cost by reference to building indices

Other land and buildings - Specialist properties depreciated replacement cost (DRC)

The valuer undertook valuations at 31 January 2018 on all assets (£537 million by value) valued on a DRC basis including schools, care homes and libraries. DRC valuations are based on rebuild costs using up to date tender pricing information with an age / obsolescence adjustment to reflect its current condition and remaining economic life.

The valuer has used tender rebuild prices provided by RICS with appropriate Haringey location cost adjustments, using an appropriate rebuild cost per square foot for each type of property. The valuer has applied an aging adjustment using the original build date of the property and standard useful economic lives for each type of property to reflect the percentage of the remaining economic live, with aging only coming into effect after the first 10 years of its live as little aging in the building is expected in these initial years.

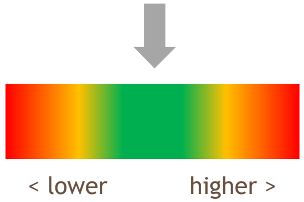
For a sample of properties we confirmed that the size (square meters) agrees to estates records and that the tender price used agrees to the RICS tender prices. Appropriate evidence was obtained for the majority of assets. However, a number of differences were found between the values used in revaluation calculations for floor/land areas and the values in supporting evidence. We were able to isolate the most significant error to a single property which resulted in PPE being being overstated by £5.246m. This related to the premises of a school that the Council funds but does not actually own. For the other issues found, we recalculated the valuations using the best information available, extrapolated the errors over the population tested and amalgamated the total with extrapolated errors for other valuation methods.

We note the method used to value the land element of DRC properties has changed this year. Rather than being valued as a percentage of the building value it is now based on actual area. However, from the sample we tested, it is apparent the areas used to calculate land values does not accurately reflect the land actually owned by the Council. In particular, for schools there was an understatement of undeveloped land. We are satisfied there is no material mis-statement and that the change in methodology has not resulted in a material movement.

The total amounts not corrected have been included as unadjusted errors on appendix 1. We consider these differences arise from a deficiency in controls and have included a recommendation in the action plan at Appendix II.

We compared the percentage movement of revalued assets to general market from the BCIS tender price index with local pricing adjustments using information provided by Gerald Eve LLP and RICS, and challenged the valuer for any valuations that were outside of an acceptable range.

We concluded that the valuations for other land and buildings based on depreciated replacement cost valuations are reasonable.



KEY AUDIT AND ACCOUNTING MATTERS

SIGNIFICANT ESTIMATE | **IMPACT**

Dwellings are valued by reference to open market value less a social housing discount

Council dwellings

Price movements

The valuer has applied a 5% increase on their previous valuation (undertaken at 1 April 2016) to reflect the movement for the 22 months to 31 January 2018. The valuer had previously applied an indexation uplift to the 1 April 2016 valuations of 8.7% to reflect his estimate of general house prices to 31 March 2017. Therefore, there has been a 3.7% decrease to the carrying value of dwellings for the valuation at 31 January 2018 since the start of the year.

We compared the overall movement to information on general market movements for Haringey using Land Registry and Nationwide. We consider the valuation uplift applied to be reasonable.

The valuer has undertaken a review of 20% of all Beacons to calculation the overall 5% uplift since 1 April 2016 and a reduction in year of 3.7%. The valuer obtained recent sales for similar properties for these Beacons and considered factors such as location, size and price movements since the sale.

We have reviewed a sample of Beacon valuations to data used by the valuer to confirm that appropriate similar recent sales had been used. For a sample of dwellings we confirmed that these were allocated to an appropriate Beacon by reference to location, architype and number of bedrooms.

However, the methodology described by the valuer in their report to the council is that 20% of Beacons have been subject to a full revaluation. Our view is that this has not been undertaken, as we would expect it to have resulted in estimates for individual Beacons that were not a simple 5% increase on the previous valuation.

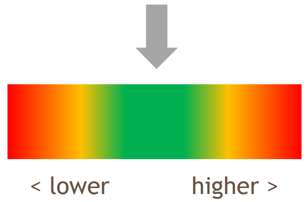
In our view, a revaluation should be determined and applied by the valuer for those Beacons reviewed in the year. Only those Beacons not subject to valuation in year should apply the overall aggregate increase in order to prevent ‘drift’ from actual values for each Beacon. We have noted a control deficiency in relation to this point.

Land and buildings split assumptions

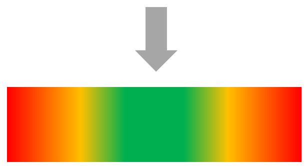
The valuer has split the overall valuation for dwellings as 40% land and 60% buildings. This affects the calculation of the annual depreciation charge since the buildings element is subject to depreciation and freehold land is not depreciated. This apportionment is based on an average of estimated rebuild costs and land values.

We reported in the previous year that the valuer had changed the split from 30% land / 70% buildings in 2015/16 to 55% land / 45% buildings in 2016/17. We reported that this appeared to be a more aggressive split than other local authorities use and resulted in a lower depreciation charge since the proportion of the valuation allocated to the building was lower. We recommended that further work be undertaken to support the change in the previous year. We note that the split in 2017/18 at 40% land / 60% buildings is more in line with other authorities.

We have reviewed the detail to support this split and consider this to be reasonable. We note that the impact of this change in estimation has not had a material impact on the depreciation charge in the current or previous year.



KEY AUDIT AND ACCOUNTING MATTERS

SIGNIFICANT ESTIMATE		IMPACT
Investment properties are valued by reference to highest and best use market value	**Investment properties** The valuer undertook valuations at 31 January 2018 on all assets (£66 million by value) using rental amounts for the property and market yields of 7% to 9% to value the asset. We have reviewed a sample valuations to data used by the valuer and confirmed that rental amounts agree to rental agreements, and the market yield applied was appropriate. Reasonable explanations were provided for each asset. Reasonable explanations were provided for each asset. We compared the percentage movement of revalued assets to general market movements using information provided by Gerald Eve LLP and challenged the valuer for any valuations that were outside of an acceptable range. We concluded that the valuations for investment properties are reasonable.	

	AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
4	**Completeness and accuracy of the fixed asset 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.	We have: • Compared the fixed assets register to the valuers' report and obtain reasons for discrepancies and tested an increased sample of additions, disposals and revaluations.	Similar to prior year we found a number of errors in the completeness and accuracy of the fixed asset register: • £2.2 million capital expenditure deemed not to have added value to existing assets should have been written out. Management has adjusted for £1.5 million but there is a remaining overstatement of assets of £0.734 million. • Some items reviewed within assets under construction were found to relate to additions that should have been previously written off as they did not add value to existing assets. Management adjusted for £2.1 million. We have not been provided with evidence to support a further £2.6 million and consider this to potentially be an overstatement of assets. Continued

KEY AUDIT AND ACCOUNTING MATTERS

AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
			• Duplicate entries were found in the Council's register of investment properties to the value of £1.566 million have now been adjusted. • One asset valued at £2.663 million classified as an investment property should be classified as Other Land and Buildings. The total potential error based on extrapolation of the population we sample tested is £5.9 million. If this asset was revalued on a depreciated replacement cost basis, we do not consider that it would result in a significant movement to the carrying value. • £1.4 million was spent in 2017/18 on purchasing a property but the purchase was not actually completed until 2018/19. A prepayment should have been recognised, management has adjusted for this error. • Prior year additions of £1.402 million were incorrectly recorded as assets under construction whereas they were actually enhancements to existing Other Land and Building assets. This has been resolved in 2017/18 by a transfer between asset classes in Note 11. As a result of this error we also consider additions and disposals to be overstated by the same amount. • In the prior year, additions were made to an investment property for £3.370m, that were deemed by the valuers to have not significantly increased the value of the asset. These additions should therefore have been impaired in 2016/17 but they were not so the downwards valuation has instead been recognised in 2017/18. The amounts not corrected above have been included as unadjusted errors on appendix 1.

KEY AUDIT AND ACCOUNTING MATTERS

	AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
5	**Pension liability assumptions**	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. 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 2016 triennial membership data held by the pension fund, rolled forward, and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation at 31 March 2018 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.	We have: • As the auditors of the pension fund, reviewed the controls for providing accurate membership data to the actuary.	We did not identify any issues regarding the accuracy and completeness of data provided by the pension fund from the Pension Membership system to the actuary for the 2016 triennial data.
			• Checked whether there were any notifiable events that may require the actuary to update the roll-forward data for the valuation.	No issues were identified from our testing.
			• Checked the contributions paid and the overall investment returns in the fund to the data provided to the actuary and used in the updated valuation.	The actuary's IAS 19 report used the pre-year end investment valuation and used a final estimated fund valuation of £1,345,000k, which is £12,489k different to the actual fund value of investments at 31/3/18 of £1,357,489k. This means that the growth on assets was underestimated, Council's share is circa 80% £9,991k and group (including the share to Home for Haringey and Alexandra Park and Palace Charitable Trust) £11,600k. The amounts not corrected above have been included as unadjusted errors on appendix 1.
			• Reviewed the reasonableness of the assumptions used in the calculation against other local government actuaries and other observable data.	Our review of the reasonableness of assumptions used to calculate the present value of future pension obligations is noted in the following page.

KEY AUDIT AND ACCOUNTING MATTERS

SIGNIFICANT ESTIMATE | **IMPACT**

The key assumptions include estimating future expected cash flows to pay pensions including inflation, salary increases and mortality of members; and the discount rate to calculate the present value of these cash outflows

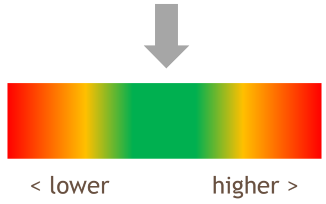
The net pension liability to pay future pensions has decreased by £11.074 million (to £577.267 million) for the Council and £12.605 million (to £575.341 million) for the Group. This is mainly due to increasing the discount rate from 2.5% to 2.6%.

We compared the assumptions and estimates used by the actuary with the expected ranges provided by the independent consulting actuary.

	Actual	Acceptable range	Comments
RPI increase	3.4%	3.4%	Reasonable
CPI increase	2.4%	2.4%	Reasonable
Salary increase	3.0%	--	Reasonable (derived from RPI assumptions)
Pension increase	2.4%	2.4%	Reasonable
Discount rate	2.6%	2.6-2.7%	Reasonable
Mortality:			
- Male current	23.8 years	23.7-24.4	Acceptable
- Female current	26.0 years	26.2-26.9	Lower than bottom end of range
- Male retired	21.8 years	21.5-22.8	Acceptable
- Female retired	24.1 years	24.1-25.1	Acceptable
Commutation:			
- Pre 2008	50%	25% - 75%	Reasonable
- Post 2008	75%	25% - 75%	Reasonable

Female mortality is lower than bottom end of the range. The actuary uses an analysis done by a third party on the Fund’s actual membership, which takes into account both postcode considerations, and also factors such as earnings which statistically also impact on longevity. We accept this to be more reflective of the fund members.

We are satisfied that the assumptions used are not unreasonable or outside of the expected ranges.

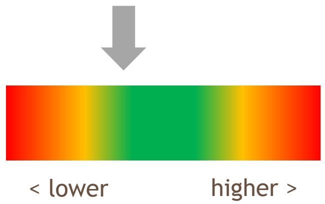


KEY AUDIT AND ACCOUNTING MATTERS

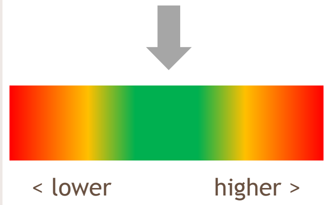
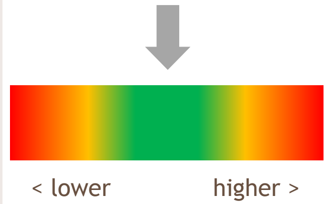
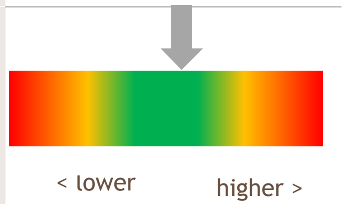
	AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
6	Transfer of assets from HRA to General Fund	Management intends to transfer HRA assets of approximately £26 million to the General Fund. The assets to be transferred consist largely of retail outlets on council owned housing developments. Management's view is that 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.	We have: • Checked that the transfer is appropriate based on the use of the assets and the valuations provided by the valuer are appropriate. • Checked that adjustments have been made to the Capital Financing Requirement / debt allocation between the General Fund and the HRA to compensate the HRA for this transfer.	Our testing did not identify any issues. Our testing did not identify any issues.
7	Consideration of related party transactions	We 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.	We have discussed with management and reviewed councillors and Senior Management declarations to ensure there are no potential related party transactions which have not been disclosed.	Our testing did not identify any issues.

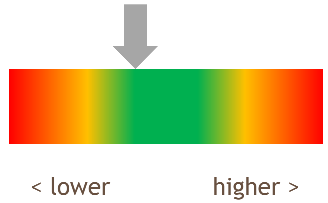
KEY AUDIT AND ACCOUNTING MATTERS

	AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
8	Allowance for non-collection of receivables	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. There is a risk that the provisions may not accurately reflect collection rates based on age or debt recovery rates for that income stream.	We reviewed 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.	We did not identify any material issues regarding the recoverability of receivables. Our review of the reasonableness of management's calculations is noted in the following page.

SIGNIFICANT ESTIMATE		IMPACT
Estimate of future write-offs of uncollectable debt	**Council tax arrears** The total impairment allowance for the Collection Fund at 31 March 2018 is £21.7 million, a decrease of £200,000 from the prior year. Arrears in the prior year was £26.6 million. The Council has an 81.63% share in these balances in the collection fund. The impairment calculation is based on the expected collection rates for Council Tax arrears, with the provision increasing in line with the age of the debt. Our testing has indicated that the collection rate for arrears has improved in recent years following an increased focus by the Council to collect arrears owed; this would suggest that the Council may potentially have overstated its Council Tax arrears provision by potentially up to £2.5 million. In light of the improved recoverability of the Council Tax arrears, management should review the provision percentages applied and consider the impact of the improved recoverability.	

KEY AUDIT AND ACCOUNTING MATTERS

SIGNIFICANT ESTIMATE		IMPACT
	PCNs arrears The impairment allowance at 31 March 2018 is £18 million, a decrease of £3.5 million from the prior year, against total arrears of £19.8 million (prior year £21.8 million). The bad debt provision was calculated based on collection history. Our audit work indicated that the average recovery rates for the PCNs were in line with the Council’s estimation, and therefore reasonable.	
	Housing benefit overpayments The impairment allowance at 31 March 2018 is £29.6 million, an increase of £4.8million from the prior year, against an overpayments balance of £37.1 million. The bad debt provision was calculated at 100% for balances over three years, 90%, 70% and 55% for two, one and current year balances, however limited information could be provided to support the collection rates used by management. Our audit work indicated that the average recovery rates for the housing benefit over payment were in line with the Council’s estimation, and therefore reasonable.	
	Other sundry debt The impairment allowance at 31 March 2018 is £1.7 million against sundry debtors’ balance of £32 million. Of the un provided balance, £20 million is not yet due and the remainder is within 90 days. All the balances in more than 90 days were provided for. Our audit work indicated that the provision is reasonable.	

SIGNIFICANT ESTIMATE		IMPACT
NDR appeals provision	The 2017 rating list appeals provision is £3,658k (LBH share £1,097k), which is calculated as the total potential loss over the next 5 years (including unwinding of the transitional protections) of £18,290k and divides by 5 for an annual provision loss of £3,658k. However, the transitional protection unwinds over the 5 years and the loss in 2017/18 for rateable values appeals billed since the 2017 is only £1,619. This suggests that the gross 2017 appeal provision is overstated by £2,039 and the Council share is £611. We consider this to be too prudent.	

KEY AUDIT AND ACCOUNTING MATTERS

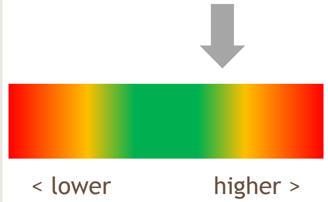
	AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
9	The remapping of prior year CIES	The Code requires the CIES is consistent with the internal reporting within the Council. During the year the main headings used for reporting expenditure internally have changed. The headings used on the CIES will therefore need to change and the 2016/17 figures will need to be restated. There is a risk that these presentational changes in 2016/17 may not be correctly applied in the financial statements.	We have: • Checked that the analysis by service line in the CIES is consistent with the internal reporting within the Council. • Reviewed the restatement of the comparative 2016/17 information to ensure that this is presented consistently with the current year basis.	Our testing did not identify any issues. Our testing of the remapping of the CIES did not identify any issues.

OTHER ISSUES

We comment below on other issues identified in the course of our audit, of which we believe you should be aware:

	AUDIT AREA	AUDIT FINDINGS
10	Other disclosures	We identified a number of other disclosure issues within the draft financial statements as follows: • Schools bank and cash balances are as at 15 March when the schools were closed. When compared to the 31st of March balances this gave rise to a variance of £1.2 million. An unadjusted error has been raised on Appendix I. • We consider the amount of the PFI assets included in property, plant and equipment as disclosed in Note 11 to be overstated as it includes full carrying value of the land and buildings that have PFI contracts in place rather than disclosing the value of the portion of the building funded under PFI. Management have agreed to consider reviewing this for the 2018/19 Statement of Accounts • The draft accounts show a new line in Note 11 'Accumulated Impairment WO to GCA' that is not on the Code template. This should be merged with two other lines. Management have corrected this disclosure issue in the final set of accounts. • In Note 11, presentation errors were found relating to writing off the prior year impairments. There was a misstatement of £62.814 million between lines relating to the revaluation reserve and to the provision of services. Management have adjusted £55.016 million of this in the final set of accounts but an unadjusted difference of £7.798 million remains. This is only a disclosure error, which does not affect the carrying amount of the assets and has been noted as such in Appendix 1.

KEY AUDIT AND ACCOUNTING MATTERS

	AUDIT AREA	AUDIT FINDINGS	
11	Minimum revenue provision charge to the General Fund	We consider the Minimum Revenue Provision (MRP) charge to be overly aggressive. The Council changed its calculation of MRP from 1 April 2016 and this resulted in a reduced charge for 2017/18 of £2.793m million compared to the £13.211 million charged in 2015/16 under the previous policy. We have some concerns over the use of the annuity curve method of charging MRP on post-2008 and PFI debt rather than using a straight line charge, as this will result in the proportion of MRP being charged in the early years being significantly lower than what will be charged in the latter years. Over the life of the debt, the Council will still put aside that same total amount, but this weights the profile towards future years that may not necessarily reflect the benefits consumed by the asset by the current service users compared to the tax payer in the future. We acknowledge that the CLG guidance does allow this method of charging MRP but this tends to be applied where the asset acquired through borrowing will earn rentals or income on a matching annuity curve (with upward rent reviews or income generation) rather than being consumed in providing services. The guidance also allows an annuity method MRP charge where you are seeking to reflect the future time value of money. For example, where inflation allows for greater amounts to be charged through general taxation (council tax) this would suggest putting aside higher amounts of MRP in the future. However, we have noted concerns that headroom available through future council tax increases may be severely restricted under current Government policy. While we are content that there is not a material understatement of an appropriate and prudent MRP charge for 2017/18, the existing MRP policy serves to defer repayment of debt charges from current service users to future tax payers that may not reflect the utility or benefits received from the assets funded from debt.	

KEY AUDIT AND ACCOUNTING MATTERS

MATTERS REQUIRING ADDITIONAL CONSIDERATION

We comment below on other matters requiring additional consideration:

	AUDIT AREA	AUDIT FINDINGS
12	Fraud	Whilst the Director of Finance and members have ultimate responsibility for prevention and detection of fraud, we are required to obtain reasonable assurance that the financial statements are free from material misstatement, including those arising as a result of fraud. Our audit procedures did not identify any fraud. We will seek confirmation from those charged with governance on whether you are aware of any known, suspected or alleged frauds.
13	Group matters	Following review of the component auditors' reporting we were satisfied with the quality of their work and can confirm: • There were no limitations on the audit where information was restricted. • We have not been made aware of any fraud at a component level.
14	Useful economic life used for Infrastructure assets	The useful economic lives (UEL) used for some infrastructure assets such as highway lighting is unusually high. UEL is a matter of management judgement but we consider 50 years to be the highest reasonable value. Using a high UEL reduces the depreciation charged each year. We recommend that management should reconsider the UEL for infrastructure assets.
15	Alexandra Palace depreciation	The value of Alexandra Palace in the group accounts is overstated by £2,423k. This is because when the asset was revalued at 31/1/18 the accumulated depreciation up to that point was not written off. This has been included as unadjusted errors in appendix 1.

OTHER REPORTING MATTERS

We comment below on other reporting required to be considered in arriving at the final content of our audit report:

	MATTER	COMMENT
1	We are required to report on whether the financial and non-financial information in the Narrative Report within the Statement of Accounts is consistent with the financial statements and the knowledge acquired by us in the course of our audit.	We are satisfied that the other information in the Statement of Accounts is consistent with the financial statements and our knowledge.
2	We are required to report by exception if the Annual Governance is misleading or inconsistent with other information that is forthcoming from the audit.	We have no matters to report.

CONTROL ENVIRONMENT

We are required to report to you, in writing, significant deficiencies in internal control that we have identified during the audit. These matters are limited to those which we have concluded are of sufficient importance to merit being reported to the Corporate Committee.

As the purpose of the audit is for us to express an opinion on the Council's financial statements and use of resources, 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 considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

We note that the Council's internal audit function has issued a number of observations and recommendations on the Council's control environment during 2017/18. We have not repeated these recommendations in this report unless we consider them to highlight significant deficiencies in control which we are required to report to you.

SIGNIFICANT DEFICIENCIES

We have identified one significant deficiencies in the Council's internal controls in 2017/18:

Approval of journals

SAP the general ledger system does not enforce segregation within the system on posting of journal entries over £50,000 by per Council's policy.

We recognise that controls around the posting of journals have been improved as a control is now in place to investigate journals posted over £50,000 that have not been authorised by two different individuals. However, we will again make a recommendation that the accounting system should enforce segregation on posting all journal.

PREVIOUS YEAR SIGNIFICANT DEFICIENCIES

In the previous year we reported a significant deficiency in the authorisation of non-purchase order payments where we identified two instances where the invoice was coded and approved by the same person. We consider the coding of invoices and their subsequent approval as incompatible duties which should be segregated. There is a risk that an individual can commit the Council to an expenditure which he will approve on himself. Management has since engaged an expert who fixed the weakness in the system.

OTHER DEFICIENCIES

We have identified other deficiencies in controls which have been discussed with management and included in the action plan at Appendix II.

WHOLE OF GOVERNMENT ACCOUNTS

We comment below on other reporting required:

	MATTER	COMMENT
1	For Whole of Government Accounts (WGA) component bodies that are over the prescribed threshold of £500 million in any of: assets (excluding property, plant and equipment); liabilities (excluding pension liabilities); income or expenditure we are required to perform tests with regard to the Data Collection Tool (DCT) return prepared by the Authority for use by the Department of Communities and Local Government for the consolidation of the local government accounts, and by HM Treasury at Whole of Government Accounts level. This work requires checking the consistency of the DCT return with the audited financial statements, and reviewing the consistency of income and expenditure transactions and receivables and payable balances with other government bodies.	Local authorities were required to submit the unaudited DCT to HM Treasury and auditors by 14 June 2018. The Council met this deadline. Our review of the Council's WGA Data Collection Tool (DCT) is in progress. We will complete our review of the WGA Data Collection Tool (DCT), after we have completed our audit of the Council's financial statements. We will issue our opinion on the consistency of the DCT return with the audited financial statements before the 31 August 2018 statutory deadline.

USE OF RESOURCES

We are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources (value for money) and report to you on an 'except for' basis. This is based on the following reporting criterion:

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

There are three sub criteria that we consider as part of our overall risk assessment:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties.

AUDIT RISKS

We have assessed the following as audit risks from our audit planning. We set out how these risks have been addressed and the outcomes of our work.

Key: ■ Significant risk

RISK AREA		RISK DESCRIPTION AND WORK PERFORMED	AUDIT FINDINGS AND CONCLUSION
1	**Sustainable resource deployment**	The refreshed Medium Term Financial Strategy (MTFS) covers a five-year period from 2018/19 to 2022/23. This shows a reduction in the funding shortfall from £54.4 million to £30.1 million over the period from the previous MTFS. 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. 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. (Continued)	The Council's approved General Fund revenue budget for the year was £255.762 million and the final outturn of £255.781 million, which represents a small net overspend. Within this net figure there are overspends of £3.5 million for priority 1 services (Childrens) and £1.1million priority 2 service (adults). These have been netted off by underspends in priority x (Enabling) £3.5million.

USE OF RESOURCES

RISK AREA		RISK DESCRIPTION AND WORK PERFORMED	AUDIT FINDINGS AND CONCLUSION
1	Sustainable resource deployment	We have: • Reviewed 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.	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. The assumptions over cost pressures, reductions in Government funding and income growth appear reasonable.
		• Monitored the delivery of the budgeted savings in 2017/18 and the plans to reduce services costs and increase income from 2018/19.	Savings of £11.5 million were delivered against the efficiency plan £20.7 million Currently, the Council has balanced the 2018/19 budget by identifying £16 million of savings in six priority areas (Children's, 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. The MTFS also recognises the 19/20+ impact of the £3.7m pay award.
		• Reviewed the strategies to close the budget gap in the coming years.	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). Management are proposing a financing reserve through its on-going programme of service transformation funded partly by the application of the flexible use of capital receipts. The Council need to continue to monitor the control of demand-led services, the delivery of the savings necessary to meet the MTFS and the impact of changes being implemented on the delivery of services, to ensure that there are no unanticipated detrimental outcomes. In addition to this, the Council need to recognise the 2019/20 plans impact of pay award of about £3.7 million. While there is a recognised funding gap in the MTFS, we are satisfied that the Council has appropriate arrangements to continue to remain financially sustainable over the period of the MTFS.

APPENDICES

APPENDIX I: AUDIT DIFFERENCES

We are required to bring to your attention audit differences identified during the audit, except for those that are clearly trivial, that the Corporate Committee is required to consider. This includes: audit differences that have been corrected by management; and those that remain uncorrected along with the effect that they have individually, and in aggregate, on the financial statements.

ADJUSTED AUDIT DIFFERENCES

Our audit has not identified any material misstatements.

Management has corrected the financial statements for audit differences that have resulted in the deficit on the provision of services increasing by £13.1 million, and this has increased the General Fund balance by £0.097 million and decreased the HRA balance by £0.016 million.

UNADJUSTED AUDIT DIFFERENCES

The unadjusted audit differences identified by our audit work (listed on the following pages) would decrease the deficit on the provision of services for the year by £3.7 million, increase net assets by £7.6 million and would have no impact on the General Fund balance and HRA balance.

You consider these identified misstatements to be immaterial in the context of the financial statements taken as a whole. We concur with this judgement however we also request that you correct them even though not material.

APPENDIX I: AUDIT DIFFERENCES

		INCOME AND EXPENDITURE		STATEMEMENT OF FINANCIAL POSITION	
		DR	CR	DR	CR
	£'000	£'000	£'000	£'000	£'000
(Surplus) / deficit on provision of services before adjustments	91,369				
DR Other land and buildings				5,894	
CR Investment properties					5,894
(1) Other land and buildings misclassified as investment property- Extrapolated error					
DR Impairment loss	734	734			
CR PPE					734
(2) Additions not adding value to be written off					
DR impairment loss	2,559	2,559			
CR PPE					2,559
(3) Assets under construction which could not be substantiated					
DR Creditors				1,293	
CR Bank					1,293
(4) Being schools bank and cash balances understated due to the fact that 15 March Balances were used instead of the 31st of March					
DR Net pension liability				9,991	
CR Pension reserve					9,991
(5) Being fair value of plan investment assets understated. The actuary's IAS 19 report used the pre-year end investment valuation and used a final estimated fund valuation of £1,345,000k, which is £12,489k different to the actual fund value of investments at 31/3/18 of £1,357,489k. The Council's share is circa 80%.					

APPENDIX I: AUDIT DIFFERENCES

		INCOME AND EXPENDITURE		STATEMEMENT OF FINANCIAL POSITION	
		DR £'000	CR £'000	DR £'000	CR £'000
(Continued)					
DR Opening reserves				3,370	
CR Fair value adjustments	(3,370)		3,370		
(6) Investment property impairment that should have been recognised in 2016/17					
DR Property, plant and equipment				2,499	
CR Revaluation gains			2,499		
(7) Extrapolated error relating to inaccurate data used in revaluations					
DR Opening reserve				865	
CR Housing Capital Receipts expense	(865)		865		
(8) Being brought forward error on housing capital receipts pooling Expenditure which was understated in prior year as confirmed by the final returns					

		INCOME AND EXPENDITURE		STATEMEMENT OF FINANCIAL POSITION	
		DR £'000	CR £'000	DR £'000	CR £'000
(Continued)					
DR Income	680	680			
CR General Fund opening balance					680
(9) Being brought forward error- bank reconciling items which are mis-posted and reconciling items caused by a one day delay in recording bank transactions					
DR General Fund opening balance				1,000	
CR Expenses	(1,000)		1,000		
(10) Being brought forward error - expenditure incurred by schools that had not been recognised in the accounts of £1m identified in prior year written off to expenditure in the current year. This is to show that in year expenditure is overstated by £1,000k					
DR General Fund opening balance				2,442	
CR Social care expenditure – extrapolated error	(2,442)		2,442		
(11) Being an extrapolated error on social care expenditure which relates to prior years					
Revaluation loss		6,406			
Property plant and equipment					6,406
(12) Removal of school premises not owned by the Council- factual error					
Property plant and equipment				4,819	
Revaluation gain			4,819		
(13) *Correction* of inaccurate square meters used for land valuation- factual error					

TOTAL UNADJUSTED AUDIT DIFFERENCES	**(3,704)**	**10,379**	**14,995**	**32,173**	**27,557**
(Surplus) / deficit on provision of services if adjustments accounted for	87,665				

APPENDIX I: AUDIT DIFFERENCES

	INCOME AND EXPENDITURE		STATEMEMENT OF FINANCIAL POSITION	
	DR £'000	CR £'000	DR £'000	CR £'000
GROUP ADJUSTMENTS				
DR Revaluation gain		2,423		
CR Group PPE – accumulated depreciation			2,423	
Alexandra Palace accumulated depreciation not written off on revaluation.				
DR Net pension liability			11,600	
CR Pension reserve				11,600
Being fair value of plan investment assets understated. The actuary's IAS 19 report used the pre-year end investment valuation and used a final estimated fund valuation of £1,345,000k, which is £12,489k different to the actual fund value of investments at 31/3/18 of £1,357,489k.				

APPENDIX I: AUDIT DIFFERENCES

IMPACT ON GENERAL FUND AND HRA BALANCES- COUNCIL	GENERAL FUND BALANCE £000s	HRA BALANCE £000s
Balances before adjustments	83,708	**38,192**
Adjustments to CIES above	(3,704)	-
Adjustments via movement in Reserves Statement:	3,704	
Balances after adjustments	**80,708**	**38,192**

UNADJUSTED DISCLOSURE MATTERS

The following unadjusted disclosure matters were noted:

- In Note 11, we consider the amount of the PFI assets included in property, plant and equipment to be overstated as it includes full carrying value of the land and buildings that have PFI contracts in place rather than disclosing the value of the portion of the building funded under PFI.
- In Note 11, we consider additions and disposals to be overstated by £1.402m.
- In Note 11, under 'Land & Buildings' we consider the amount for 'Impairment (losses)/reversals recognised in the Revaluation Reserve' to be understated by £7.798 million and the amount for 'Impairment (losses)/reversals recognised in surplus/deficit on the provision of services' to be overstated by the same amount.
- Trade receivables past due but not impaired were not disclosed as required per para 7.4.3.7 of the code.

APPENDIX II: RECOMMENDATIONS AND ACTION PLAN

Key: ■ Significant deficiency in internal control ■ Other deficiency in internal control ■ Other observations

AREA	OBSERVATION AND IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
Approval of Journals	We identified that the SAP doesn't enforce the implementation of journal entries over £50,000 by two different people as required the Council's policy.	We recommend that the raising and approval of journals be segregated within the accounting system (SAP).	We have implemented a control to check where >£50k journals are not parked and posted by 2 separate individuals. We will discuss a system driven segregation of duties with our SAP support provider.	Head of Finance Operations	18/19 FY
HRA Revaluation	We do not consider the valuation of HRA dwellings to be taking place in the manner it is described in the official report received from the valuer. We have gained sufficient assurance that the value of HRA assets is appropriately stated in the Statement of Accounts. However, we consider there to be a risk that the method used to value HRA properties could lead to a material misstatement in the future.	We recommend that careful consideration is given to the method used to value HRA properties.	Agreed	Head of Finance Operations	18/19 FY
Review of asset addition	We identified a number of errors in the accounting of recent additions to the fixed assets register. This could have led to misstatement in the Council's financial reporting and potentially to less effective management of the Council's assets. Our view is that these errors are largely due to property, plant and equipment additions only being recorded on the fixed assets register as part of the year-end accounts preparation process.	We recommend additions are reviewed by the Chief Accounting team and added to the fixed assets register through-out the year. Particular attention should be given to whether additions to existing assets add value, whether additions have been split appropriately down to the underlying assets and whether additions need to be revalued.	Agreed. We will review our internal processes & controls around changes to the fixed asset register	Head of Finance Operations	18/19 FY

APPENDIX II: RECOMMENDATIONS AND ACTION PLAN

Key: ■ Significant deficiency in internal control ■ Other deficiency in internal control ■ Other observations

AREA	OBSERVATION AND IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
Valuation input data	A number of differences were found between the values used in revaluation calculations and the values in supporting evidence. This included internal floor areas, land areas and rent received by existing tenants. This has resulted in a non-material revaluation error that management have chosen not to correct. There is potential for these difference to result in a material error in the future.	We recommend that management and the valuers perform a thorough review of the input data used in the valuations. Evidence supporting the figures used should be retained on file.	Agreed	Head of Finance Operations	18/19 FY
Classification of assets	We found a number of errors in the accounting treatment of existing assets, particularly relating to investment properties and assets under construction. This could have led to misstatement in the Council's financial reporting and potentially to less effective management of the Council's assets.	We recommend management perform a review of all assets within these two categories to ensure they are appropriately classified.	Agreed	Head of Finance Operations	18/19 FY

APPENDIX II: RECOMMENDATIONS AND ACTION PLAN

We have followed up on the recommendations that we raised in the prior year:

AREA	OBSERVATION AND IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	PROGRESS
Aproval of non-purchase order invoices in SAP	We identified two instances where non purchase order invoices were coded and approved by the same person. This means that one person can commit the Council to expenditure and approve the invoice subsequently. We consider the coding of invoices and their subsequent approval as incompatible duties which should be segregated.	We recommend that SAP be segregated to ensure that one person cannot code and approve an invoice	Agreed	SAP Application Specialist	Complete - management has engaged an expert who fixed the weakness in the system
Approval of journals	We identified instances where journals with values above £50,000 were being raised and authorised by the same person despite the Council having a policy that journals with amounts above £50,000 should be authorised by a different person. This control failure was partly due to individuals not adhering to the Council's policy and also that the accounting system does not provide the required segregation.	We recommend that the raising and approval of journals be segregated within the accounting system (SAP).	Agreed. We will review journal control procedures and ensure those controls and segregation are automated in SAP as far as possible.	Chief Accountant	Ongoing - A control is now in place to investigate journals posted over £50,000 that have not been authorised by two different individuals. However, we will again make a recommendation that the accounting system should enforce segregation on posting all journals.
Unrecorded assets	Some assets owned by the Council for several years had not previously been recorded in the fixed assets register or recognised in in the accounts. These were recognised for the first time in 2016/17 as a revaluation gain.	We recommend that management should carry out an exercise to identify all the Council's assets and update the fixed asset register.	Agreed - action incorporated as part of closure of accounts plan	Chief Accountant	Ongoing.

APPENDIX II: RECOMMENDATIONS AND ACTION PLAN

AREA	OBSERVATION AND IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	PROGRESS
Valuation report errors	We noted numerous errors in the valuation report including: New River Leisure Centre, investment assets had duplicated assets caused by a revaluation upload error and Tottenham Green Leisure Centre was undervalued in 2015/16 as a result of the WHE stating an incorrect amount.	We recommend that management review the valuer's report to identify errors and understand significant movements.	Agreed - action incorporated as part of closure of accounts plan	Chief Accountant	Ongoing - Similar issues were noted this year as detailed above.
Signed employment contracts (prior year recommendation)	Of the 37 employees tested as part of our sample, signed employment contracts were not available for three Council employees.	We recommend that management undertake a review of all staff (including schools personnel) to ensure that there is a signed contract in place.	Agreed	Head of HR	Complete- Our testing did not identify any issues.
HRA component depreciation	HRA assets were not componentised on depreciating. This resulted in a potential error of £3.9 million based on the valuer's split. Although this potential error is not material, there is a risk that it could become material in future years, and will become more important next year when depreciation will become a proper charge that will impact on rents.	We recommend that the Council componentise HRA assets for the calculation of depreciation.	Agreed	Chief Accountant	Complete - The depreciation charge for HRA assets is now calculated using a weighted average useful economic life to reflect the different useful economic lives of different components.
PFI assets included in property and equipment	We consider the amount of the PFI assets included in property, plant and equipment as disclosed in Note 11 to be overstated due to the fact that it includes full carrying value of the land and buildings that have PFI contracts in place rather than disclosing the value of the portion of the building funded under PFI.	We recommend that management takes out the value of land and calculates the portion of the building that is not funded under PFI and takes it out of the disclosure.	Agreed	Chief Accountant	Ongoing

APPENDIX III: MATERIALITY

MATERIALITY - COUNCIL

	FINAL	PLANNING
Materiality	£16,700,000	£16,100,000
Clearly trivial threshold	£500,000	£500,000

Planning materiality of £16,100,000 was based on 1.5% of gross expenditure, using the average of the prior two years accounts.

We had no reason to revise our final materiality level.

MATERIALITY - GROUP

	FINAL	PLANNING
Materiality	£16,800,000	£16,400,000
Clearly trivial threshold	£500,000	£500,000

Planning materiality of £16,400,000 was based on 1.5% of gross expenditure, using the average of the prior two years accounts.

We had no reason to revise our final materiality level.

APPENDIX IV: INDEPENDENCE

Under ISAs (UK) and the FRC's Ethical Standard, we are required as auditors to confirm our independence.

We have embedded the requirements of the Standards in our methodologies, tools and internal training programmes. Our internal procedures require that audit engagement leads are made aware of any matters which may reasonably be thought to bear on the integrity, objectivity or independence of the firm, the members of the engagement team or others who are in a position to influence the outcome of the engagement. This document considers such matters in the context of our audit for the year ended 31 March 2018.

Details of services, other than audit, provided by us to the Council and the Group during the period and up to the date of this report were provided in our Audit Plan. We understand that the provision of these services was approved by the Corporate Committee in advance in accordance with the Council's policy on this matter.

Details of rotation arrangements for key members of the audit team and others involved in the engagement were provided in our Audit Plan.

We have not identified any other relationships or threats that may reasonably be thought to bear on our objectivity and independence.

We confirm that the firm, the engagement team and other partners, directors, senior managers and managers conducting the audit comply with relevant ethical requirements including the FRC's Ethical Standard and are independent of the Council and the Group.

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

APPENDIX V: FEES SCHEDULE

	2017/18 FINAL PROPOSED £	2017/18 PLANNED £	2016//17 FINAL £	EXPLANATION FOR VARIANCES
Code audit fee	206,475	206,475	206,475	N/A
Additional fees for HDV and MRP work			20,640	
Fee for reporting on the housing benefits subsidy claim	38,223	38,223	38,223	N/A
TOTAL AUDIT AND CERTIFICATION FEES	244,698	244,698	265,338	
Fees for reporting on other government grants:				
• Pooling of housing capital receipts return	3,500	3,500	3,500	N/A
• Teachers' pension return	3,500	3,500	3,500	N/A
• Additional fees for work carried out in 2016/17 for teachers pensions £3,500 and capital receipts £3,500			7,000	
NON-AUDIT ASSURANCE SERVICES	7,000	7,000	14,000	
TOTAL ASSURANCE SERVICES	251,698	251,698	279,338	

APPENDIX VI: DRAFT LETTER OF REPRESENTATION

TO BE TYPED ON CLIENT HEADED NOTEPAPER
BDO LLP
55 Baker Street
London
WIU 7EU

31 July 2018

Dear Sirs

Financial statements of London Borough of Haringey and the Group for the year ended 31 March 2018

We confirm that the following representations given to you in connection with your audit of the Council's financial statements and the Group financial statements for the year ended 31 March 2018 are made to the best of our knowledge and belief, and after having made appropriate enquiries of other officers and members of the Council.

The Chief Finance Officer has fulfilled his responsibilities for the preparation and presentation of the financial statements as set out in the Accounts and Audit Regulations 2015 and Statement of Responsibilities of Auditors and Audited Bodies within Chapter 2 of the Code of Audit Practice published by the National Audit Office in April 2015, and in particular that the financial statements give a true and fair view of the financial position of the Council as of 31 March 2018 and of its income and expenditure and cash flows for the year then ended in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

We have fulfilled our responsibilities on behalf of the Council, as set out in the Accounts and Audit Regulations 2015, to make arrangements for the proper administration of the Council's financial affairs, to conduct a review at least once in a year of the effectiveness of the system of internal control and approve the Annual Governance Statement, to approve the Statement of Accounts (which include the financial statements), and for making accurate representations to you.

We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence. In addition, all the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management and other meetings have been made available to you.

In relation to those laws and regulations which provide the legal framework within which the Council's business is conducted and which are central to our ability to conduct our business, we have disclosed to you all instances of possible non-compliance of which we are aware and all actual or contingent consequences arising from such instances of non-compliance.

There have been no events since the balance sheet date which either require changes to be made to the figures included in the financial statements or to be disclosed by way of a note. Should any material events of this type occur, we will advise you accordingly.

We are responsible for adopting sound accounting policies, designing, implementing and maintaining internal control, to, among other things, help assure the preparation of the financial statements in conformity with generally accepted accounting principles and preventing and detecting fraud and error.

We have considered the risk that the financial statements may be materially misstated due to fraud and have identified no significant risks.

To the best of our knowledge we are not aware of any fraud or suspected fraud involving management or employees. Additionally, we are not aware of any fraud or suspected fraud involving any other party that could materially affect the financial statements.

To the best of our knowledge we are not aware of any allegations of fraud or suspected fraud affecting the financial statements that have been communicated by employees, former employees, analysts, regulators or any other party.

We attach a schedule showing accounting adjustments that you have proposed, which we acknowledge that you request we correct, together with the reasons why we have not recorded these proposed adjustments in the financial statements. In our opinion, the effects of not recording such identified financial statement misstatements are, both individually and in the aggregate, immaterial to the financial statements.

We have disclosed to you the identity of all related parties and all the related party relationships and transactions of which we are aware. We have appropriately accounted for and disclosed such relationships and transactions in accordance with the applicable financial reporting framework.

We have no plans or intentions that may materially affect the carrying value and where relevant, the fair value measurement, or classification of assets or liabilities reflected in the financial statements.

We confirm the following significant assumptions made in relation to accounting estimates (including fair value measurements) used in the preparation of the financial statements:

a) Pension fund assumptions

We confirm that the actuarial assumptions underlying the valuation of the Local Government Pension Scheme (LGPS) liabilities, as applied by the scheme actuary, are reasonable and consistent with our knowledge of the business. These assumptions include:

- Rate of inflation (CPI): 2.4%
- Rate of increase in salaries: 3%
- Rate of increase in pensions: 2.4%
- Rate of discounting scheme liabilities: 2.6%
- LGPS commutation take up option:

  Pre-April 2008 50%

  Post-April 2008 75%

We also confirm that the actuary has applied up-to-date mortality tables for life expectancy of scheme members in calculating scheme liabilities.

b) Valuation of housing stock, other land and buildings and investment properties

We are satisfied that the useful economic lives of the housing stock and other land and buildings, and their constituent components, used in the valuation of the housing stock and other land and buildings, and the calculation of the depreciation charge for the year, are reasonable.

We confirm that the valuations applied to council dwellings and other land and buildings revalued in the year, as provided by the valuer and accounted for in the financial statements, are reasonable and consistent with our knowledge of the business and current market prices.

We are satisfied that investment properties have been appropriately assessed as level 2 on the fair value hierarchy for valuation purposes and valued at fair value, based on highest and best use.

c) Allowance for non-collection of receivables

We are satisfied that the impairment allowances for council tax arrears, NDR arrears, housing benefit overpayments, housing rent arrears and parking charges are reasonable, based on collection rate data.

We consider that the Council is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis.

We have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and these have been disclosed in accordance with the requirements of accounting standards.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

We confirm that the financial statements are free of material misstatements, including omissions.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. The Chief Finance Officer and each member has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

Jon Warlow
Interim Chief Finance Officer
[Date]

Councillor Isidoros Diakides
Corporate Committee Chair
Signed on behalf of the Corporate Committee
[Date]

APPENDIX VII: 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 welcomes 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) and the PCAOB (Public Company Accounting Oversight Board who oversee the audits of US companies), the firm undertakes a thorough annual internal Audit Quality Assurance Review and as a 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 all listed and public interest audits.

More details can be found in our Transparency Report at www.bdo.co.uk

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LONDON BOROUGH OF HARINGEY COUNCIL AND PENSION FUND

ANNUAL AUDIT LETTER

Audit for the year ended 31 March 2018

15 August 2018

EXECUTIVE SUMMARY

PURPOSE OF THE LETTER

This annual audit letter summarises the key issues arising from the work that we have carried out at London Borough of Haringey Council for the year ended 31 March 2018.

It is addressed to the Council but is also intended to communicate the key findings we have identified to key external stakeholders and members of the public.

RESPONSIBILITIES OF AUDITORS AND THE COUNCIL

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that public money is safeguarded and properly accounted for.

Our responsibility is to plan and carry out an audit that meets the requirements of the National Audit Office's (NAO's) Code of Audit Practice (the Code). Under the Code, we are required to report on:

- Our opinion on the Council and Group's financial statements
- Our opinion on the Pension Fund's financial statements
- Whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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 the audit.

BDO LLP

AUDIT CONCUSIONS

FINANCIAL STATEMENTS

We issued our unmodified opinions on the Council (and Group) and Pension Fund's financial statements on 31 July 2018.

Management has corrected the Council's financial statements for audit differences that have resulted in an increase in the deficit on the provision of services of £14.6 million to £91.4 million and reduced net assets by £16.1 million to £1,165.6 million.

The remaining unadjusted audit differences would decrease the deficit on the provision of services for the year by £3.7 million and increase net assets by £7.6 million. Management consider these identified misstatements to be immaterial in the context of the financial statements taken as a whole.

USE OF RESOURCES

We issued our unmodified conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources on 31 July 2018.

The Council's delivered on its approved General Fund revenue budget for the year of £255.8 million. Savings of £11.5 million were delivered against the efficiency plan £20.7 million and the 2018/19 budget requires further savings of £16 million. Funding gaps have been identified from 2019/20 to 2022/23 that require additional savings of £7 million each year. While there is a recognised funding gap in the MTFS, we are satisfied that the Council has appropriate arrangements to continue to remain financially sustainable over the period of the MTFS.

EXERCISE OF STATUTORY POWERS

Work in on going in relation to objections received although we were satisfied from our review to date that this does not have a material effect on the financial statements or on our value for money conclusion.

FINANCIAL STATEMENTS

OPINIONS	We issued our unmodified opinions on the Council (and Group) and Pension Fund's financial statements on 31 July 2018. This means we consider: • The financial statements give a true and fair view of the financial position and its income and expenditure for the year • Have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2017/18.

SCOPE OF THE AUDIT

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error.

This includes an assessment of whether the accounting policies are appropriate to the Council (and Group) and Pension Fund's circumstances and have been consistently applied and adequately disclosed the reasonableness of significant accounting estimates, and the overall presentation of the financial statements.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonably knowledgeable users that are taken on the basis of the financial statements.

The materiality for the Council's financial statements was set at £16.7 million (£16.8 million for the Group). This was determined with reference to a benchmark of gross expenditure (of which it represents 1.5 per cent) which we consider to be one of the principal considerations for assessing financial performance.

The materiality for the Pension Fund's financial statements was set at £13.6 million. This was determined with reference to a benchmark of net assets (of which it represents 1 per cent) which we consider to be one of the principal considerations for the pension fund in assessing financial performance. We set a lower materiality level £2.2 million for the transactions included in the Fund Account of the Pension Fund.

OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

Our audit was scoped by obtaining an understanding of the Council (and Group) and Pension Fund and its environment, including the system of internal control, and assessing the risks of material misstatement in the financial statements. We set out below the risks that had the greatest effect on our audit strategy, the allocation of resources in the audit, and the direction of the efforts of the audit team.

FINANCIAL STATEMENTS

RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	CONCLUSION
Management override of controls	Under auditing standards, there is a presumed risk of management override of controls as management is in a unique position to manipulate accounting records to prepare fraudulent financial statements. We responded to this risk by testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. We reviewed the accounting estimates for bias and evaluated whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud. We obtained an understanding of the business rationale for significant transactions that were outside the normal course of business or appeared to be unusual.	No issues were identified by our audit work from our review of journals and review accounting estimates for management bias. We found no significant transactions that were outside the normal course of business or otherwise appear unusual. We noted that the SAP general ledger system does not enforce segregation on posting of journal entries over £50,000 as required by Council policy and a control is now in place to investigate journals posted over £50,000 that have not been authorised by two different individuals. However, have recommended that management enquire through SAP whether this enforced segregation can be put in place.

FINANCIAL STATEMENTS

RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	CONCLUSION
Revenue recognition	Under auditing standards there is a presumption that income recognition presents a fraud risk. We responded to this risk by testing an increased sample of fees and charges income to underlying documentation to confirm the existence and accuracy of transactions throughout the year. We tested a sample of grants subject to performance conditions to confirm that conditions of the grant had been met before the income is recognised. We also tested a sample of fees and charges receipts either side of year end, to confirm that income has been recorded in the correct period and that all income that should have been recorded at year end has been.	Our testing confirmed that income was valid and agreed to underlying documentation, that grants were recognised only when performance conditions had been met, and income had been recorded in the correct period. Management corrected the Grant Income disclosure note in the financial statements where there were discrepancies between the amounts disclosed and amounts included as income in the Comprehensive Income and Expenditure Statement for the year.

FINANCIAL STATEMENTS

RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	CONCLUSION
Completeness and accuracy of the fixed asset register	In previous audits we identified a number of errors in relation to the completeness and accuracy of the fixed assets register including duplicate assets, omissions and incorrect treatment of some transactions. We responded to this risk by agreeing the fixed assets register to the valuer's report and following up discrepancies. We also tested an increased sample of additions, disposals and revaluations to ensure these were correctly reflected in the fixed asset register.	We again found a number of errors in the fixed assets register that required correction to the financial statements. These misstatements included: • additions to assets that did not add value where the capitalised expenditure had not been written out • amounts included in assets under construction that had not been transferred to the correct assets upon completion of the work and amounts were therefore included in both the revalued assets and in assets under construction • Duplicate entries in investment properties • Inclusion of a school building not owned by the Council. • Misclassification of assets between investment properties and land and buildings. Management corrected the financial statements to reduce the carrying value of assets by £6.6 million although a further £3.3 million has not been corrected and management intend to review these again in 2018/19. We have recommended that management improve the controls over recording capital expenditure in the fixed asset register and strengthen the year end processes to ensure that all amounts are correctly recorded for each asset.

FINANCIAL STATEMENTS

RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	CONCLUSION
Valuation of land, buildings, dwellings and investment property	Due to the significant value of the Council's property assets, and the high degree of estimation uncertainty, there is a significant risk over the valuation of land, buildings, dwellings and investment properties where valuations are based on assumptions or where updated valuations have not been provided for a class of assets at the year-end. We responded to this risk by: • Reviewing the instructions provided to the valuer and assessing their expertise. • Checking the basis of valuation for assets valued in year as appropriate and agreeing data used by the valuer to support the valuations. • Assessing whether there had been any indication of impairment of assets. • Reviewed the reasonableness of assumptions used in the valuations against indices and price movements for classes of assets, and followed up valuation movements that appeared unusual against indices. • Estimated the potential movement on classes of assets that were not revalued in year to assess whether there is the potential for material movements since the last valuation.	The Council engaged an external valuer to value the majority of property assets at 31 March 2018. This included valuations on £49 million of land and buildings held as existing use valuations, £537 million of specialist buildings held as depreciated replacement valuations, £1,295 million dwellings on a beacon basis, and £66 million of investment properties. From our review of the instructions provided to the valuer and the valuer's reports we are satisfied that we can rely on the management expert. We confirmed that the basis of valuation for assets valued in year is appropriate based on the nature and use of the assets. We were able to agree source data used by the valuer for the majority of valuations tested although we found discrepancies for floor areas and land plot size for some assets. We estimated a potential net understatement of asset values of £2.6 million. We have recommended that management undertakes a detailed review of the supporting information provided to the valuer to ensure the accuracy of this data used in the valuations. We discussed with management the issues with the Broadwater Farm properties that were found to have structural defects and management reduced the valuation of these buildings to reflect the required investment to make good or demolish these buildings. Assumptions used and valuation movements were found to be reasonable. However, we noted that the valuer applies an overall aggregate movement for all dwellings across the borough and we believe it may be more appropriate to reflect a more granular price movement for each Beacon taking into account relative movements by dwelling architype and location. We also note that the split of dwelling valuations was amended to 40% land and 60% buildings following our concerns raised in the previous year where this allocation had been changed to 55% land and 45% buildings.

FINANCIAL STATEMENTS

RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	CONCLUSION
Valuation of pension liability	There is a risk the membership data and cash flows provided to the actuary at 31 March may not be correct, or the valuation uses inappropriate assumptions to value the liability. This is a significant risk due to the higher estimation uncertainty arising from the range of assumptions available to value the pension liability. We responded to this risk by: • Agreeing the information provided to the actuary for contributions and investment returns for the year. • Reviewing the reasonableness of the assumptions used in the calculation against other local government actuaries and other observable data. • Reviewing the controls for providing accurate membership data to the actuary. • Checking whether any significant changes in membership data have been communicated to the actuary.	The Council's net pension liabilities decreased by £11.1 million to £577.3 million (Group liability £588.3 million) compared to the previous year. The majority of assumptions remained consistent between the years other than an increase in the discount rate (this reduced the liability). The movements mainly comprised an increase from current service costs that (along with interest costs) exceeded contributions paid by the Council, which was offset by a reduction in liabilities from the change to the discount rate and higher than expected return on scheme investments. We agreed the information provided to the actuary for contributions paid to the pension fund and investment returns for the year. We noted differences in the final investment returns and fund valuation than had been estimated by the actuary and the Council's share of the fund assets was potentially understated by £10 million (Group £11.6 million). Our review of assumptions used to estimate the value the pension liability were found to be reasonable. We note that the life expectancy for current and retired members tended towards the lower end of the benchmark range and the actuary confirmed that this reflected local circumstances. We used the PwC consulting actuary report for the review of the methodology of the actuary and reasonableness of the assumptions. We reviewed the controls over membership data and for providing accurate information to the actuary for the 2016 triennial valuation. There were no significant changes to staff numbers that would require additional communication with the actuary and potential amendment to the roll-forward data to the 2016 triennial valuation.

USE OF RESOURCES

CONCLUSION	We issued our unmodified conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources on 31 July 2018.
	This means we consider that the Council has proper arrangements to: • Ensure it took properly informed decisions • Deploy resources to achieve planned and sustainable outcomes for taxpayers and local people.

SCOPE OF THE AUDIT

We are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources.

As part of reaching our overall conclusion we consider the following sub criteria in our work: informed decision making, sustainable resource deployment, and working with partners and other third parties.

OUR ASSESSMENT OF SIGNIFICANT RISKS

Our audit was scoped by our cumulative knowledge brought forward from previous audits, relevant findings from work undertaken in support of the opinion on financial statements, reports from the Council including internal audit, information disclosed or available to support the annual governance statement, and information available from the risk registers and supporting arrangements.

We set out below the risks that had the greatest effect on our audit strategy, the allocation of resources in the audit, and the direction of the efforts of the audit team.

USE OF RESOURCES

RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	CONCLUSION
Financial sustainability	The refreshed Medium Term Financial Strategy (MTFS) covers a five-year period from 2018/19 to 2022/23. This shows a reduction in the funding shortfall from £54.4 million to £30.1 million over the period from the previous MTFS. 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. 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. We reviewed the assumptions used in the MTFS and assessed the reasonableness of the cost pressures and estimated reductions in Government funding. We also reviewed the current savings and the budgeted savings together with their plans to assess their reasonability.	The Council's delivered on its approved General Fund revenue budget for the year of £255.8 million. There were overspends of £3.5 million for Priority 1 services (Children's) and £1.1 million priority 2 service (adults) offset by underspends in Priority X (Enabling). The assumptions over cost pressures, reductions in Government funding and income growth appear reasonable. Savings of £11.5 million were delivered against the efficiency plan £20.7 million and the 2018/19 budget requires further savings of £16 million. Funding gaps have been identified from 2019/20 to 2022/23 that require additional savings of £7 million each year. Management are proposing establishing a Budget Resilience Reserve which can be used as a one-off measure to offset non-delivery or delays in planned savings. The reserve will mainly be funded from unapplied funding built into the budget (whilst maintaining a General Fund Reserve balance of £15 million throughout the period of the MFTS). Management also propose to augment the financing reserve which can be used to manage the impact of financial plans from one year to another and will make use of the application of flexible capital receipts to help fund its on-going programme of service transformation. The Council need to continue to monitor the control of demand-led services, the delivery of the savings necessary to meet the MTFS and the impact of changes being implemented on the delivery of services, to ensure that there are no unanticipated detrimental outcomes. In addition to this, the Council recognises the 2019/20 impact of the planned pay award of about £3.7 million. While there is a recognised funding gap in the MTFS, we are satisfied that the Council has appropriate arrangements to continue to remain financially sustainable over the period of the MTFS.

EXERCISE OF STAUTORY POWERS

QUESTIONS AND OBJECTIONS RECEIVED FROM LOCAL ELECTORS

We received the following questions and objections from local taxpayers

ISSUE	FINDINGS
Use of monies from the Special Parking Account	We received a question on the use of monies from the Special Parking Account and whether this had been used to fund spending on pavements. The Council confirmed that no monies had been spent from this ring fenced account on pavement improvements.
Failure to take into account health and wellbeing in setting budgets	We received an objection to the Council's budget setting process alleging that it did not make an assessment of the impact of its finances on the health and wellbeing of the borough's tenants and leaseholders living in the Council estates. We have taken advice on whether this allegation falls within the jurisdiction of the auditor to investigate and concluded that as it is a matter of policy for the Council to set its budget, and since there is no evidence presented that the Council has not taken this decision properly, we have not accepted this as a valid objection.
Proper maintenance of dwellings in accordance with the Council's duty as landlord	We received an objection alleging that the Council had failed to comply with its duty as landlord to properly maintain dwellings and in its duties to tenants and leaseholders. We have taken advice and have accepted that this meets the requirements for a valid objection. Work is on going although we were satisfied from our review to date that this does not have a material effect on the financial statements or on our value for money conclusion.

APPENDIX

REPORTS ISSUED

We issued the following reports since our previous annual audit letter.

REPORT	DATE
Audit plan Pension Fund 2017/18	12 February 2018
Grant claims and certification 2016/17	28 February 2018
Audit plan Council (and Group) 2017/18	8 March 2018
Audit completion report Pension Fund 2017/18	20 July 2018
Audit completion report Council (and Group) 2017/18	31 July 2018

FEES

We are currently in discussion with management regarding final fees.

AUDIT AREA	FINAL FEES £	PLANNED FEES £
Council (and Group) audit - PSAA scale fee	[1] 206,475	206,475
Pension Fund audit - PSAA scale fee	21,000	21,000
Housing benefits subsidy certification fee	[2] 38,223	38,223
Fees relating to objections	[3] TBC	N/A
Total audit fees	**265,698**	**265,698**
Pooled housing receipts certification	[2] 3,500	3,500
Teachers pension return certification	[2] 3,500	3,500
Total audit related services fees	**7,000**	**7,000**
Other non-audit services	0	0
Total assurance services fees	**272,698**	**272,698**

(1) Additional work required this year as a result of the misstatements noted above arising from errors in the fixed asset register and in the information provided to the valuer for floor areas and plot sizes.

(2) Work is in progress on the housing benefits subsidy and other certification returns work will commence shortly.

(3) Fees for investigating objections will be chargeable upon completion of this work.

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Agenda Item 8

Report for: Corporate Committee

Item number: 8

Title: Renaming of Town Hall Approach Road to New Wind Rush Gardens

Report authorised by : Helen Fisher

Lead Officer: Emma Williamson, 5507, emma.williamson@haringey.gov.uk

Ward(s) affected: Tottenham Green

Report for Key/ Non Key Decision: Non Key

1. Describe the issue under consideration

1.1 Renaming the existing road known as ‘Town Hall Approach Road’ to ‘New Windrush Gardens’.

2. Cabinet Member Introduction

N/A

3. Recommendations

To:

i) Note that a 30 day consultation commenced on 30 August 2018 on the proposal to rename ‘Town Hall Approach Road’ to ‘New Windrush Gardens’;

ii) Agree in principle to the name change from ‘Town Hall Approach Road’ to ‘New Windrush Gardens’, subject to the outcome of the consultation, for the reasons set out in paragraph 4 of this report; and to

iii) Delegate the final decision to to rename ‘Town Hall Approach Road’ to ‘New Windrush Gardens’ to the Assistant Director- Planning, in consultation with the Chair of the Corporate Committee, having regard to the outcome of the consultation and any objections received in accordance with the provisions of Part II of the London Building Acts (Amendment) Act 1939.

4. Reasons for decision

4.1 It is considered that it is desirable to rename a road in the Haringey administrative area in recognition of the anniversary of the arrival of the Windrush ship. The Windrush generation have a rich heritage in Tottenham, and a significant part of what makes it such a great place to live and work today.

4.2 The Council has published 'Guidelines for street and building naming and numbering'. The proposed change is in accordance with the guidelines save that: the renaming of exisiting streets is normally only considered when changes have occurred which give rise to, or are likely to give rise to problems for occupiers; and the policy does not normally allow duplication of street names, and there is already a Windrush Close in the borough. However, it is considered that there are exceptional reasons justifying the aforementioned departures from the policy as follows:

i) The proposed new name shall create a locally significant cultural landmark and celebrate the Windrush generation's rich cultural heritage in Tottenham;

ii) Whilst a prominent road, there are a limited number of addresses on Town Hall Approach Road that shall be affected by the proposed name change. Moreover, the road does not include any residential properties;

iii) Although there is a Windrush Close in the borough, this is a private road with a small number of properties located on it;

iv) the London Fire Brigade have been consulted on the proposed change and does not object to the change; and

v) having considered the above and subject to consideration of the consultation responses, the public benefits outweigh any disadvantages.

5. Alternative options considered

5.1 A number of alternative options for the name change and its location were considered. The recommended name change and location have been proposed for a number of reasons, as outlined above.

6. Background information

6.1 In June 1948 the HMT Empire Windrush landed at Tilbury and brought 500 settlers from Jamaica and the Caribbean to the UK. These new arrivals were pioneers, the first wave in Britain's post-war drive to recruit labour from the new Commonwealth to cover employment shortages in Britain's state-run services.

6.2 In recognition of the 70th anniversary of this significant cultural landmark, it is proposed to change the name of Town Hall Approach Road to New Windrush Gardens.

6.3 The Windrush generation have created a rich heritage in Tottenham, and a significant part of what makes it such a great diverse place to live and work today.

6.4 On 30 August 2018 the Council wrote to all properties and addresses on Town Hall Approach Road to formally commence a one month consultation on the proposal to rename the street to New Windrush Gardens. This report seeks the Corporate Committee's approval in principle to change the street name, and to delegate the final decision to the Assistant Director of Planning in consultation with the Chair of the Committee, having regard to the outcome of the consultation and any objections received in accordance with the provisions of Part II London Building Acts (Amendment) Act 1939.

6.5 The Council is required to have regard to any objections that are made and explore, if necessary, support to objectors to mitigate any adverse impacts.

6.5 If, following consultation, a decision is made to make an order to rename the street under section 6 of the London Building Acts (Amendment) Act 1939, the Council shall designate a date on which the name shall take effect and notify affected persons accordingly and arrange for new road signs to be displayed from the relevant date. The Council shall also notify Ordnance Survey and emergency services of the change in accordance with its internal procedures.

7. Contribution to strategic outcomes

7.1 This decision contributes to Haringey's commitment to celebrating diversity and the contribution of its communities to civic life and the borough.

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

Finance

8.1 This reports requests that Cabinet agree in principle to the name change from 'Town Hall Approach Road' to 'New Windrush Gardens. The associated costs for this action are unknown at present but they will be met through the Neighbourhood CIL or Ward Budgets or S106

Procurement

8.2 Strategic Procurement notes the contents of this report and confirm that there are no procurement implications that need to be considered.

Legal

8.2 The Council has the power to rename streets and roads in the borough under section 6 in Part II of the London Building Acts (Amendment) Act 1939 ("the 1939 Act"). As the 1939 Act is a 'local act', the responsibility for making an order under section 6 of the 1939 Act is a non-executive function which resides with the Corporate Committee by virtue of Function 1 in Part 3, Section D of the Council's Constitution and paragraph (c)(i) of the Committee's terms of reference. It is open however, for the Committee to delegate its functions to an officer as recommended in section 2 of this report.

8.3 Before the Council can make an order under section 6 of the 1939 Act, the Council must consult on the proposed change for at least one month by placing conspicuous notices on the relevant street or by writing to affected properties notifying persons how they may object. The Council has already commenced consultation in order to discharge this statutory duty.

8.4 Following the closure of the statutory consultation period and consideration of representations, the Council may if it thinks "fit" make an order to rename 'Town Hall Approach Road' to 'New Windrush Gardens'. Although section 6 of the 1939 Act gives the Corporate Committee a wide-power to rename streets as it thinks "fit", the Committee should have regard to its general public law duties; namely to ensure that a decision is reasonable and proportionate and that the consultation responses are conscientiously taken into account before a decision is made.

8.5 The Corporate Committee must also have regard to the Council's 'Guidelines for street and building naming and numbering', and should normally seek to approve renaming of streets in accordance with the guidelines unless exceptional considerations indicate otherwise. The Committee should note those departures from the guidelines set out in section 4 of the report and consider if it agrees with those exceptional reasons set out in that section.

8.6 If a decision is made following the consultation to make an order under section 6 of 1939 Act, the Council should notify all properties affected and ensure that new road signs are in place on the date that the order takes effect.

Equality

The name change proposed celebrates the diversity of the Borough and it therefore welcomed with regards to equality.

9. Local Government (Access to Information) Act 1985
Background documents
Guidelines for street and building naming and numbering - https://www.haringey.gov.uk/parking-roads-and-travel/roads-and-streets/street-and-building-naming-and-numbering/guidelines-street-and-building-naming-and-numbering

Report for: Corporate Committee 20 September 2018

Item number: 9

Title: Treasury Management Update Report

Report authorised by: Jon Warlow, Director of Finance (S151 Officer)

Lead Officer: Thomas Skeen, Head of Pensions
thomas.skeen@haringey.gov.uk 020 8489 1341

Ward(s) affected: N/A

Report for Key/ Non Key Decision: Non Key decision

1. Describe the issue under consideration

1.1. This report updates the Committee on the Council's treasury management activities and performance in the three months to 30th June 2018 in accordance with the CIPFA Treasury Management Code of Practice.

2. Cabinet Member Introduction

2.1. Not applicable.

3. Recommendations

3.1. That members note the Treasury Management activity undertaken during the three months to 30th June 2018 and the performance achieved.

3.2. That members note that all treasury activities were undertaken in line with the approved Treasury Management Strategy: in particular the prudential indicators with fixed limits shown in appendix 1.

4. Reason for Decision

4.1. None.

5. Other options considered

5.1. None.

6. Background information

6.1. The Council’s treasury management activity is underpinned by CIPFA’s Code of Practice on Treasury Management (“the Code”), which requires local authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement. CIPFA has defined Treasury management as: “The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

6.2. The Code recommends that members are informed of treasury management activities at least twice a year. Formulation of treasury policy, strategy and activity is delegated to the Corporate Committee and this Committee receives reports quarterly.

6.3. However, overall responsibility for treasury management remains with full Council and the Council approved the Treasury Management Strategy Statement and set the Prudential Indicators for 2018/19 on 26 February 2018. The Corporate Committee is responsible for monitoring treasury management activity and this is achieved through the receipt of quarterly reports. This report forms the 1st quarterly monitoring report for 2018/19.

6.4. Government guidance on local authority treasury management states that local authorities should consider the following factors in the order they are stated:

Security - Liquidity - Yield

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

7. Contribution to Strategic Outcomes

7.1. None.

Haringey LONDON

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

Finance and Procurement

8.1. Interest rates earned on investments remain low and significantly less than the cost of new borrowing and therefore the strategy of keeping cash balances low is continuing in 2018/19. Borrowing is usually taken when required for liquidity purposes with the default being for short term local authority loans at very low rates, however some longer term borrowing will be taken during the year at points when interest rates fall to opportunely low levels.

Legal

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

Equalities

8.3. There are no equalities issues arising from this report.

9. Use of Appendices

Appendix 1 – Prudential and Treasury Indicators

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.

11. External Context: Economic Commentary and Outlook (from Haringey's Treasury Advisor, Arlingclose)

11.1. **Economic background:** Commodity prices fell during the quarter, although oil prices rose, peaking at $75 a barrel before falling slightly to just over $73. The primary factor in the oil price's recent fall was the OPEC's (Organisation of Petroleum Exporting Countries) announcement that a deal had been reached with non-OPEC nations to increase nominal production by 1 million barrels a day.

11.2. UK Consumer Price Inflation (CPI) index fell over the quarter and the data released for May showed CPI at 2.4%, a 12-month low. The most recent labour market data for April 2018 showed the unemployment rate at 4.2%, a low last seen in 1975. However real wages (i.e. adjusted for inflation) grew only by 0.4%, a marginal increase unlikely to have had much effect for households. Q1 GDP data released in April and revised in May showed economic activity slowing to 0.2%. The Bank of England made no change to monetary policy at its meetings in May and June, however hawkish minutes and a 6-3 vote to maintain rates have raised expectations of a rate hike at the August meeting *(the bank rate was subsequently raised in August)*.

11.3. Having raised rates in March, the US Federal Reserve again increased its target range of official interest rates in June by 0.25% to between 1.75% and 2% and markets now expect two further rises in 2018.

11.4. Fears rose of a global trade war on the announcement of the Trump Administration implementing tariffs on $200bn of imports, notably steel, aluminium, food and chemicals. Canada, the EU and China contemplated announced retaliatory tariffs as did Mexico. Many of these have since been instituted in early July. The announcements sparked a sell-off in global equity markets, with the major equity global indices falling.

11.5. The EU Withdrawal Bill, which repeals the European Communities Act 1972 that took the UK into the EU and enables EU law to be transferred into UK law, narrowly made it through Parliament, with a vote of 319 to 303, after the government gave assurances that Parliament would have a meaningful vote in the event of a no-deal Brexit. Very little progress was made in negotiating future trading arrangements, extending the period of uncertainty.

11.6. **Financial markets:** Gilt yields displayed marked volatility during the quarter, particularly following Italy's political crisis in late May when government bond yields saw sharp moves akin to those at the height of the European financial crisis with falls in yield in safe-haven UK, German and US government bonds. The yield on the 5-year benchmark gilt fell from 1.13% to 1.04% during the quarter, the 10-year gilt fell from 1.36% to 1.28% and the yield on the 20-year gilt rose marginally from 1.71% to 1.72%. Money markets rates remained low: 1-month, 3-month and 12-month LIBID rates averaged 0.38%, 0.55% and 0.84% in the quarter respectively.

11.7. **Credit background**: UK bank credit default swaps rose marginally over the quarter, but the overall level was still low against historic averages.

11.8. There were a few credit rating changes during the quarter. Moody's downgraded Barclays Bank Plc's long-term rating to A2 from A1 after the banking group completed its restructure to be compliant with UK bank ring-fencing requirements which come into effect in 2019. The agency also downgraded Royal Bank of Scotland plc's (RBS plc) long-term ratings to Baa2 from A3 on its view that the credit metrics of RBS plc, which will become the non-ring-fenced NatWest Markets plc, will become weaker and less diversified and the main functions of the bank would be in higher risk activities. Moody's and Fitch upgraded the long-term ratings of NatWest Bank and Ulster Bank on the view that their credit profiles are expected to improve following ring-fencing.

12. Local Context

12.1. At 31/3/2018 the Council's underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) was £591.9m. The Council had £365.4m of borrowing and £45.9m of investments. The difference represents timing differences in cash received and paid, internal borrowing, i.e. the use of cash which represents reserves and balances rather than the externalising of debt, and the use of lease-type arrangements for the acquisition of assets.

12.2. The Council's current strategy is to maintain actual borrowing levels below the Capital Financing Requirement (CFR), this is referred to as internal borrowing.

12.3. The Council has an increasing CFR over the next 3 years due to the capital programme, but minimal investments which can be used to fund capital plan cashflows. The Council will therefore need to take out additional borrowing over the forecast 3 year period.

13. Borrowing Strategy During the Quarter

13.1. At 30/06/2018 the Council held £296.7m of long term loans, (a decrease of £10.7m on 31/3/2018). The Council expects to take out additional long term borrowing in 2018/19, as the Council's underlying need to borrow is growing. Interest rates are carefully monitored and advice is taken from the Council's treasury adviser Arlingclose in relation to this.

13.2. The Council has a significant capital programme, and a significant proportion of this will be financed by borrowing, which the Council will have to undertake in coming years. The Council's treasury advisor, Arlingclose undertakes weekly 'cost of carry' analysis to inform the Council about whether it is financially beneficial to undertake borrowing now or to delay this for set time periods: given PWLB interest rate forecasts. Any borrowing which is taken prior to capital expenditure taking place would have to be invested in the money markets at rates of interest significantly lower than the cost of borrowing, creating an immediate cost for revenue budgets.

13.3. The Council will consider undertaking borrowing in the current year and meet the cost of carry until future years' capital expenditure takes place, if this is affordable, prudent, and if there is intelligence that PWLB borrowing rates may to rise significantly. This would reduce the extent of the Council's internal borrowing.

13.4. A significant 'known unknown' in future forecasting is the impact of Brexit, which may impact adversely on gilts, and therefore PWLB rates. The risk management of our treasury position to this uncertainty is being monitored closely by the Council's treasury advisor Arlingclose, and officers.

<u>Borrowing Activity</u>

Borrowing	Balance at 1 Apr 2018 £'000	Borrowing Raised £'000	Maturities £'000	Balance at 30 June 2018 £'000	Avg Rate %
Short term Borrowing					
- UK Local Authorities	58,000	43,000	81,000	20,000	0.44
Long Term Borrowing					
- PWLB	182,381	0	10,651	171,730	4.34
- LOBO	125,000	0	0	125,000	4.72
TOTAL BORROWING	365,381	43,000	91,651	316,730	4.24

13.5. **LOBOs:** The Council holds £125m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. £100m of these LOBOS had options during the quarter, none of which were exercised by the lenders. There is still however a refinancing risk even though in the current interest rate environment lenders are unlikely to exercise their options. The Council will take the option to repay LOBO loans at no cost if it has the opportunity to do so.

14. Investment Activities

14.1. The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. Cashflow forecasts indicated that during 2018/19 the Council's investment balances would range between £10 and £50 million. Average investment balances were £29.9m in the first quarter of the year.

14.2. The Guidance on Local Government Investments in England gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles

14.3. The Council has sought to minimise its security risk by setting limits on each institution on the lending list. The Council has complied with all these limits during the financial year to date.

14.4. The economic environment remains uncertain, and given this background, the Council has kept cash investments to a minimum and short term. Money Market Funds continue to be used extensively as the portfolios are spread across a range of underlying investments to diversify risk. They also provide instant access enabling officers to take action quickly if there are any concerns about creditworthiness. The remainder of the Council's investments are held with the DMO (government agency).

<u>Investment Activity</u>

Investments	Balance at 1 Apr 2018 £'000	Investments Made £'000	Maturities £'000	Balance at 30 June 2018 £'000	Avg Rate /Yield %
Short term Investments (call accounts, depos					
- Banks & Building Societies	0	0	0	0	-
UK Government:					
- Deposits at Debt Management Office	35,945	127,360	163,305	0	-
- UK Local Authorities	10,000	0	0	10,000	0.75
Money Market Funds	0	104,535	97,085	7,450	0.50
TOTAL INVESTMENTS	45,945	231,895	260,390	17,450	0.64

*The balances shown above represent a snapshot on a particular day, balances can move significantly from day to day dependent on the Council's cashflows at a point in time.

Credit Risk

14.5. The table below shows counterparty credit quality as measured by credit ratings on the final day of each quarter during the year. The table also shows the percentage of the in-house investment portfolio exposed to bail-in risk. Bail-in is the response to the government bail-outs in the global financial crisis, when a number of banks failed and received government bail-outs in 2008. Under bail-in, unsecured deposits made with certain financial institutions would be at risk, should the institution fail, and investors would lose a portion of their invested funds. The below table shows a snapshot at a point in time, and movements in the figures do not reflect changes in policy or strategy, but are indicative of the Council's cashflows on that particular date.

Date	Value Weighted Average - Credit Risk Score	Value Weighted Average - Credit Rating	Time Weighted Average - Credit Risk Score	Time Weighted Average - Credit Rating	Investments exposed to bail-in risk
					%
31/03/2018	3.14	AA	3.60	AA-	0
30/06/2018	4.26	AA-	3.63	AA-	43

Scoring:
-Value weighted average reflects the credit quality of investments according to the size of the deposit
-Time weighted average reflects the credit quality of investments according to the maturity of the deposit
-AAA = highest credit quality = 1
- D = lowest credit quality = 26
-Aim = A- or higher credit rating, with a score of 7 or lower, to reflect current investment approach with main focus on security

Budgeted Income and Outturn

14.6. The UK Bank Rate had been maintained at 0.50% across the quarter. Short-term money market rates have remained at relatively low levels, however have risen gradually following the rate increase in November 2017 .

14.7. Treasury Investments generated an average rate of return of 0.55% in the quarter. The Council's forecast investment income for the year is estimated at £152.0k against a budget of £136.5k.

14.8. Borrowing costs for 2018/19 are forecast at £14.8m (£10.3m HRA, £4.5m General Fund) against a budget of £15.7m (£10.0m HRA, £4.5m General Fund). The underspend forecast is due to a number of factors, including: the current lower interest rate environment reducing interest costs for the Council, and delays in the capital programme's delivery.

Slippage in the Council's capital programme will reduce the borrowing requirement, and reduce this forecast.

15. Compliance with Prudential Indicators

15.1. The Council confirms compliance with its Prudential Indicators for 2018/19, which was set in February 2018 as part of the Council's Treasury Management Strategy Statement.

Treasury Management Indicator

15.2. The Council measures and manages its exposures to treasury management risks using the following indicators.

15.3. **Interest Rate Exposures**: This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net [principal borrowed will be:

	2018/19 Q1	**2018/19 Full Year**	**2019/20**
Upper limit on fixed interest rate exposure	100%	100%	100%
Actual	93%		
Upper limit on variable interest rate exposure	60%	60%	60%
Actual	7%		

15.4. Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate, including short term borrowings.

15.5. **Maturity Structure of Borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

Maturity structure of borrowing (U: upper, L: lower)	**L**	**U**	**30-Jun-18**
under 12 months	0%	60%	6.6%
12 months & within 2 years	0%	40%	2.7%
2 years & within 5 years	0%	40%	6.2%
5 years & within 10 years	0%	40%	6.0%
10 yrs & within 20 yrs	0%	40%	7.0%
20 yrs & within 30 yrs	0%	40%	15.8%
30 yrs & within 40 yrs	0%	50%	29.0%
40 yrs & within 50 yrs	0%	50%	26.7%
50 yrs & above	0%	40%	0.0%

15.6. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

15.7. **Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. Given the policy of spending down cash balances and use of internal borrowing the Council does not expect to invest beyond 364 days in the medium term.

16. <u>Outlook for the remainder of 2018/19 (from Haringey's Treasury Advisor, Arlingclose)</u>

16.1. The MPC has maintained expectations of a rise in interest rates this year. Arlingclose's central case is for Bank Rate is to rise once in 2018 and twice more in 2019. The MPC has a definite bias towards tighter monetary policy. While policymakers are wary of domestic inflationary pressures over the next two years, it is believed that the MPC members consider both that: 1) ultra-low interest rates result in other economic problems, and that 2) higher Bank Rate will be a more effective weapon should downside Brexit risks crystallise. *(The rate rise forecast in the quarter to September 2018 did occur in August 2018)*

	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
Official Bank Rate													
Upside risk	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Case	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Downside risk	0.00	0.25	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75

16.2. Arlingclose's view is that the UK economy still faces a challenging outlook as the minority government continues to negotiate the country's exit from the European Union. Central bank actions and geopolitical risks, such as prospective trade wars, have and will continue to produce significant volatility in financial markets, including bond markets.

Appendix 1: Prudential Indicators

No.	Prudential Indicator	2018/19 Original Indicator	2018/19 Forecast Position 30 June
CAPITAL INDICATORS			
1	Capital Expenditure	£'000	£'000
	General Fund	143,119	114,495
	HRA	58,850	47,080
	TOTAL	201,969	161,575
2	Ratio of financing costs to net revenue stream	%	%
	General Fund	2.48	1.84
	HRA	9.87	9.49
3	Capital Financing Requirement	£'000	£'000
	General Fund	413,279	399,284
	HRA	275,087	269,804
	TOTAL	688,366	669,088
4	Incremental impact of capital investment decisions	£	£
	Band D Council Tax	35.03	28.85
	Weekly Housing rents	2.16	0.35
5	Borrowing Limits	£'000	£'000
	Authorised Limit / actual debt	661,627	316,730
	Operational Boundary/actual debt	608,300	316,730

No.	Prudential Indicator	2018/19 Original Indicator	30-Jun-18

Haringey LONDON

6	HRA Debt Cap	£'000	£'000
	Headroom	52,451	64,221

7	Gross debt compared to CFR	£'000	£'000
	Gross debt	365,381	316,730
	CFR	688,366	669,088

8	Upper limit – fixed rate exposure	100%	93.4%
	Upper limit – variable rate	60%	6.6%

9	Maturity structure of borrowing (U: upper, L: lower)	**L**	**U**	**30-Jun-18**
	under 12 months	0%	60%	6.6%
	12 months & within 2 years	0%	40%	2.7%
	2 years & within 5 years	0%	40%	6.2%
	5 years & within 10 years	0%	40%	6.0%
	10 yrs & within 20 yrs	0%	40%	7.0%
	20 yrs & within 30 yrs	0%	40%	15.8%
	30 yrs & within 40 yrs	0%	50%	29.0%
	40 yrs & within 50 yrs	0%	50%	26.7%
	50 yrs & above	0%	40%	0.0%

10	Sums invested for > 364 days	£0	£0

11	Adoption of CIPFA Treasury Management Code of Practice	√	√

12	**LOBO Adjusted** Maturity structure of borrowing (U: upper, L: lower)	L	U	**30-Jun-18**
	under 12 months	0%	60%	30.3%
	12 months & within 2 years	0%	40%	18.5%
	2 years & within 5 years	0%	40%	6.2%
	5 years & within 10 years	0%	40%	6.0%
	10 yrs & within 20 yrs	0%	40%	7.0%
	20 yrs & within 30 yrs	0%	40%	12.6%
	30 yrs & within 40 yrs	0%	50%	16.4%
	40 yrs & within 50 yrs	0%	50%	3.1%
	50 yrs & above	0%	40%	0.0%

Report for: **Corporate Committee – 20 September 2018**

Item number:

Title: **Internal Audit Progress Report 2018/19 – Quarter 1**

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

Lead Officer: Minesh Jani, Head of Audit and Risk Management
Tel: 020 8489 5973
Email: minesh.jani@haringey.gov.uk

Ward(s) affected: N/A

Report for Key/
Non Key Decision: Information

1. Describe the issue under consideration

1.1 This report details the work undertaken by Internal Audit in the quarter ending 30 June 2018 and focuses on progress on internal audit coverage relative to the approved internal audit plan, including the number of audit reports issued and finalised – work undertaken by the external provider (Mazars).

2. Cabinet Member Introduction

2.1 Not applicable.

3. Recommendations

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

4. Reasons for decision

4.1 The Corporate Committee is responsible for monitoring the completion of the annual internal audit plan and the implementation of agreed recommendations as part of its Terms of Reference.

4.2 In order to facilitate this, progress reports are provided on a quarterly basis for review and consideration by the Corporate Committee on the work undertaken by the Internal Audit Service in completing the annual audit plan. Where further action is required or recommended, this is highlighted with appropriate recommendations for the Corporate Committee.

5. Alternative options considered

5.1 Not applicable.

6. Background information

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

7. Contribution to strategic outcomes

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

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

8.1 Finance and Procurement

There are no direct financial implications arising from this report. The work completed by Mazars is part of the framework contract which was awarded to the London Borough of Croydon to 31 March 2023, in accordance with EU regulations. The costs of this contract are contained and managed within the Audit and Risk Management revenue budget. The maintenance of a strong internal audit function and a proactive and reaction fraud investigation team is a key element of the Council's system of Governance.

8.2 Legal

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

8.3 Equality

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

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

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

9. Use of Appendices

Appendix A – Mazars Progress report – Internal audit

10. Local Government (Access to Information) Act 1985

10.1 Not applicable.

11. Performance Management Information

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

Table 1 – Performance Indicators

Ref.	Performance Indicator	1st Quarter	Year to date	Target
1	Internal Audit work (Mazars) – Days Completed vs. Planned programme	25%	17%	95%
2	Priority 1 recommendations implemented at follow up	N/A	N/A	95%

12. Internal Audit work – Mazars

12.1 The activity of Mazars for the first quarter of 2018/19 is detailed at Appendix A. Mazars planned to deliver 180 days of the annual audit plan (727 days) during the quarter and delivered 122 days audit work during the quarter. This was slightly less than planned to allow the 2017/18 audit plan to be completed but is a significant improvement on the performance at this stage last year (10%). The audit plan has been re-profiled for quarters 2 to 4 to allow completion of this year's plan.

12.2 Members of the Corporate Committee receive detailed summaries of all projects for which a final report has been issued on a monthly basis to allow for any concerns which members may have to be considered in a timely manner. Appendix A provides a list of all final reports which have been issued during the quarter. Detailed summaries of any reports with a limited assurance are included in Appendix A for information.

12.3 **Significant issues arising in Quarter 1**

Community Alarms

The Council has an extensive community alarm and telecare/telehealth service with over 5,400 people using this service. The Council provides an immediate 24-hour, 365-day emergency response to any member of the community who uses the Safe and Sound Community Alarm Service (CAS) – also known as "Lifeline".

Bearing in mind this service is relied upon by mostly older and more vulnerable individuals in the borough to live independently in their own home, it is essential the service has clear objectives, and puts in place resilient processes to ensure all equipment is installed in a timely manner and then monitors and maintains the equipment. The audit has highlighted deficiencies in the way internal controls are operating, particularly around service planning, test calling and the write off of equipment, exposing the Council to financial and reputational risks. Internal audit will undertake formal follow up reviews later this year and report the outcomes to the Management Board and the Corporate Committee.

19+ Education Placement

The introduction of the Children and Families Act 2014 changed the landscape for post-19 education. The extended scope of the Act means that local authorities are now required to identify and support young people within the further education sector. Concerns were raised by management that a provider may be signposting service users to a post 19 setting without appropriate review of the service users' needs or whether the setting identified was an appropriate setting to meet those needs. The audit highlighted improvements were needed to the timely completion of the Education Health and Care Plan (EHC Plan) and the proper maintenance of prime records.

Internal Audit
Quarter 1 Internal Audit Report 2018/19
London Borough of Haringey

August 2018

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Executive Summary

Introduction

This is our first report to the Corporate Committee for the 2018/19 financial year including details of all reports that are now at final stage. The report provides information on those areas that have achieved full or substantial assurance and gives an indication of the direction of travel for key systems work that provides Members with information on how departments are managing their risks over time. The format of this report is also designed to highlight the key risks facing individual departments and the Council that have been identified during the course of our internal audits. A more detailed summary of the limited assurance areas is included for information. Full copies of our audit reports will be provided upon request.

All recommendations are agreed with Council officers, and any disputes are discussed prior to the final report being issued. All recommendations to address any control weaknesses highlighted within this report have been agreed. Officers' actions to address the recommendations, including the responsible officer and the deadline for completion, are fully detailed in the individual final audit reports.

The attached tables reflect the status of the systems at the time of the audit, and Council officers may already have implemented recommendations by the time the final report is issued and reported to the Corporate Committee.

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

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

Key Highlights/Summary of Quarter 1 2018/19:

2017/18 Internal Audit Reports finalised in the quarter:

- Declaration of Interest
- Discharge to Assess
- Community Alarms
- Reviews for Independence
- Children's Centres

- 19+ Educational Placements
- Highways – Reactive Maintenance
- Estate Renewal
- Shared Digital – Contract management
- ICON Application Upgrade
- Master vendor for Supply of Agency Staff.

2017/18 Schools Audit Reports Finalised the Quarter

- Bounds Green Primary School
- Welbourne Primary School
- St Peter in Chains Primary School
- Fortismere Follow Up
- Our Lady of Muswell Hill Follow Up
- Pembury Special School Follow Up
- The Brook Special School Follow Up
- Blanche Nevil Special School Follow Up

2017/18 Draft Internal Audit Reports issued this quarter

- School Admissions

2018/19 Draft Internal Audit Reports issued this quarter

- High Cost Placements – Children’s Services

2018/19 School Draft Audit Reports Issued this quarter

- Devonshire Hill Primary School
- Earlsmead Primary School
- Highgate Primary School
- Risley Avenue Primary School
- St Francis de Sale Primary School

Audit Progress and Detailed Summaries

The following table sets out the audits finalised in Quarter 1 of 2018/19 financial year and the status of the systems at the time of the audit. Members are asked to note Council officers may already have implemented the recommendations by the time the final report is issued and reported to the Corporate Committee. Executive summaries of all audits, which do not receive 'Full' or 'Substantial' assurance ratings are also provided for Members' information.

Audit Title	Date of Audit	Date of Final Report	Assurance Level	Direction of Travel	Number of Recommendations (Priority)		
					1	2	3
2017/18							
Declarations of Interest	Oct 17	May 18	Substantial	⇨	0	3	3
Discharge to Assess	Feb 18	May 18	Substantial	N/A	0	2	0
Community Alarms	Mar 18	Jun 18	Limited	⇔	4	7	1
Reviews for Independence	Mar 18	Jun 18	Substantial	N/A	0	2	1
Children's Centres	Mar 18	July 18	Substantial	N/A	0	2	0
19+ Educational Placements	Nov 17	July 18	Limited	N/A	0	3	1
Highways – Reactive Maintenance	Oct 17	Jul 18	Substantial	N/A	1	0	1
Operational Services – Budget and Financial Management	Dec 17	Jun 18	Substantial	N/A	0	0	1
Estate Renewal	Mar 18	Jun 18	Substantial	N/A	0	4	0
Shared Digital - Contract Management	Jan 18	Apr 18	Substantial	N/A	0	2	2
ICON Application Upgrade	Mar 18	May 18	Substantial	N/A	0	2	0
Master Vendor for the Supply of Agency Staff	Jan 18	Jun 18	Substantial	N/A	0	4	0

As part of the 2017 /18 Internal Audit Plan, we have visited the following schools, completed a probity audit and during Quarter 1 issued a final report.

School	**Date of Audit**	**Date of Final Report**	**Assurance Level**	**Number of Recommendations (Priority)**		
				1	**2**	**3**
2017/18						
Bounds Green Primary School	Feb 18	Apr 18	Substantial	0	0	4
Welbourne Primary School	Nov 17	Apr 18	Substantial	0	6	7
St Peter in Chains Primary School	Nov 17	May 18	Limited	0	9	1

Audit area	Scope	Status/key findings	Assurance
		Adult Services	
Community Alarms	Audit work was undertaken to cover the following areas: • Service Planning • Application Process and Provision • Billing and Income • Additional Services • Financial Control • IT System	Haringey has an extensive community alarm and telecare/telehealth service. Over 5,400 people have this service. Haringey Council provides an immediate 24-hour, 365-day emergency response to any member of the community who uses the Safe and Sound Community Alarm Service (CAS) – also known as "Lifeline". We concluded weaknesses in the system of internal controls are such as to put the client's objectives at risk. The level of non-compliance puts the client's objectives at risk. We identified the following key issues: - • No approved Service Plan has been documented. • We tested 10 services users to confirm whether test calls had been completed on their alarms within the last 12 months. In seven cases, there was no record of a test call in the last 12 months. In three of the cases, there was no record of a test call ever being made. • No Write-Off Policy is currently in place for equipment used by the service. • Examination of the Service Level Agreement with Homes for Haringey confirmed it was drafted in 2006 and includes staff members who are no longer working with the Council. It was therefore clear that, despite the continued use of this agreement, it has become outdated	**Limited**

Audit area	Scope	Status/key findings	Assurance
		and does not reflect current working practice. • The service delivery of the Community Alarms service is currently under review in an attempt to streamline the service, but a similar review has not occurred previously. • A break-even analysis has not been prepared for the service. • Examination of 10 referrals for the Community Alarms service confirmed that in four cases arrangements to fit the alarms were late in that the target of 5-7 days between when the referral is made and when alarms are fitted was not met due to failure to arrange the initial contact meeting in time. • Examination of 10 referrals received in 2017/18 confirmed in three cases there were delays between the initial contact and the installation date, which meant that the 5-7 target was not met. In one case, there was a delay of 160 days between initial contact and installation. • No formal record of equipment write-offs is maintained. • Invoices are issued on an annual and monthly basis to Homes for Haringey, however, these monthly charges remain a flat fee amount and do not appear to reflect the actual time spent by the team on the delivery of the service. • There is no Service Level Agreement between the London Borough of Haringey and Tunstall for the maintenance of IT equipment.	

Audit area	Scope	Status/key findings	Assurance
		As a result of our work, we raised four Priority 1 recommendations, seven Priority 2 recommendations and one Priority 3 recommendation to improve the control environment. Management response to the recommendations are shown in italics, below. The priority 1 recommendations raised were as follows: - A Service Plan should be compiled and documented to provide comprehensive and extensive details on the Council's objectives for providing the service, the objectives it hopes to achieve and how it intends to meet these. *An updated service plan will be devised following the current review of the service and agreement around the core functions to be delivered. New objectives will be agreed with key performance indicators and timescales identified, systems in place to monitor and review identified outcomes in line with Council objectives, values and Borough Plan deadline October 2018.* All equipment should be tested on a semi-annual basis. Spot checks should be undertaken to ensure this target is being met. *Service to put in place a system of advising service users and clients of responsibility in regards to monthly checks and logging of faults so that appropriate action can be taken. ERO's to be assigned responsibility for contacting up to 10 clients per month as part of an audit to see if this activity is taking place. Depending on the findings further action and review of the process will be undertaken accordingly. Already Implemented.* An equipment Write-Off Policy should be compiled, documented, approved and reviewed on a regular basis. *A new*	

Audit area	Scope	Status/key findings	Assurance
		policy will be compiled to cover decommissioning of equipment. On completion, the policy will be updated annually as required to ensure compliance. Already implemented. The service should compile a new Service Level Agreement after a financial analysis is completed of the service. *Review of functions currently in progress, following which a new SLA to be compiled dependent upon agreed service delivery going forward. Deadline: October 2018.* We raised the following priority 2 recommendations: - The service delivery model should be reviewed on a regular basis, at least annually, to determine if and how it can be improved. *The service delivery is currently being reviewed and as an outcome of this review, recommendations will be identified and implemented accordingly to underpin and improve service delivery. Annual reviews will be introduced. Going forward this function will form part of the revised manager functions currently being drawn up. Deadline October 2018.* An analysis of the service should be completed prior to any future Service Level Agreements and funding approval being put in place, to determine the funding and fees necessary for the service to break even. *A full review of the service in regards to budget, income and finance has been undertaken by Senior Management in HfH, Adult social Care, and finance services. The current funding streams are under review with partners including agreement on future service delivery that will ensure income and funding is in line with safe service provision, to deliver desired outcomes. Deadline October 2018.* A weekly report should be run of outstanding new referrals to identify any contacts that have not been contacted with target	

Audit area	Scope	Status/key findings	Assurance
		times. Arrangements should then be made to attend to any late interactions. *To mitigate against missing outstanding appointments, the service will be introducing a system whereby all appointments are followed, completed installation or declined is immediately condensed on the referral spreadsheet. The above actions will enable the service to have a better overview of all appointments/late interactions yet to be scheduled or outstanding. Performance will be managed by the Service Manager and Team Leaders who will identify issues and take action / escalate as appropriate. The transformation project includes review of the IT systems used by the service in order increase efficiency and effectiveness of the service, the ability to run reports that enable day to day monitoring. Already Implemented.* A target should be determined for maximum number of days between a referral being received and an appointment being made to install alarms. This target should be monitored and reported in regular management reports. *In line with TSA, installations to be completed within 10 days of receipt of referral. Installation target date may not be achieved due to external factors as follows: - Client, NOK availability, shortage of stock, service waiting for a call back from NOK or client, or client/ a family member wishing to discuss further and explore options with others. The service will be implementing new processes to mitigate against missed appointments going forward and will be managed as part of the performance management arrangements. Already implemented.* The service should keep a record of all equipment write-offs that include all details of equipment such as serial numbers, model numbers, price, date of purchase and date of disposal. It should be considered to introduce a charge for faulty equipment based on assessment of the cause of damage by the CAS Team.	

Audit area	Scope	Status/key findings	Assurance
		CAS to establish an equipment write off log. Charges for broken or misplaced equipment is already in place and CAS actively pursue charges based on assessment. All clients are provided literature, regarding lost equipment and incurring charges, which forms part of the clients contractual obligation with CAS. Charges is variable as is dependent on the equipment damaged. Already Implemented. The costs associated with delivering the service to Haringey should be reviewed to ascertain if the invoices currently being issued actually cover the cost. *Senior Management currently in consultation and reviewing costs to identify if charges are reflective of the service being delivered to HFH. Deadline October 2018.* A Service Level Agreement between LBH and Tunstall should be developed, which outlines the full details of the services provided. The SLA should then be signed by both parties and retained on file. *Haringey currently in consultation and reviewing the need for new maintenance contract with Tunstall, once identified new SLA will be devised and is to be agreed by all parties. Already Implemented*.	
Children's services			
19+ Educational Placements	Audit work was undertaken to cover the following areas: • Policies & procedures • Assessment of Needs • Assessment of Providers • Monitoring	While legally, children should pass to adulthood on their 18th birthday, education may continue beyond this so care needs are assessed jointly between children's and adult's services so that the service user can transition to adult services to their best advantage and that they are able to achieve their stated outcomes. It came to the attention of Haringey Council last year that a provider was signposting service users to a post 19 setting without appropriate review of the service users' needs or whether the setting identified was an appropriate setting to meet	**Limited**

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Audit area	Scope	Status/key findings	Assurance

		those needs. Audit was asked to provide assurance that appropriate assessments of needs are undertaken for 19+ placements and whether all provider partners are aware of the procedures that they are expected to follow when assisting service users to identify their continuing education provider.
		
		We concluded weaknesses in the system of internal controls are such as to put the client's objectives at risk. The level of non-compliance puts the client's objectives at risk. We identified the following key issues:
		
		• For a sample of fifteen 19+ Educational Placement cases selected for review, the following was noted:
		  • Three cases where the assessment and development of the Support Plan had commenced but was yet to be completed and approved on the Education, Health and Care Plan (EHC Plan);
		  • Six cases where documentation was not available for review on the Mosaic system;
		  • One case where the EHC Plan had been drafted but not agreed due to the audit taking place in the 20 week pathway;
		  • Two cases where no EHC Plan was uploaded onto the Mosaic system to enable review;
		  • Four cases where documentation was not available for review on the Mosaic system to indicate review of Support Plan; and
		  • Two cases where documentation was not available for review on the Mosaic system to indicate review of EHC Plan.
		
		• For a sample of fifteen 19+ Educational Placement cases selected for review, in seven cases in which there was indication of transition recorded on the Mosaic system.	

Audit area	Scope	Status/key findings	Assurance
		Review of these cases showed that there was insufficient information retained to detail clear outcomes. • Documentation to evidence reviews undertaken and monitoring of the reviews concerning the service providers utilised by the Council for 19+ educational placements were not provided for review during this audit. As a result of our audit work we raised three Priority 2 and one Priority 3 recommendations to improve the control environment. Management response shown in italics below the recommendations raised. Our priority 2 recommendations are as follows: Assessments comprising the Support Plans should be fully completed and uploaded to Mosaic as a matter of urgency. Additionally EHC plans should be finalised and uploaded to Mosaic for eligible cases. Annual reviews of both Support Plans and EHC Plans should be completed in a timely fashion. Provision should be made to complete the reviews of both plans simultaneously where applicable. The reviews should be spot checked to ensure compliance with the process. *Agreed Deadline January 2019 following next transition cohort into college* Reviews should be undertaken of the service providers utilised by the Council for 19+ educational placements on a consistent basis to evaluate the services they provide. *The reviews should be appropriately monitored and the results recorded in a register. Agreed Deadline March 2019* Our priority 3 recommendation was as follows: -	

Audit area	Scope	Status/key findings	Assurance
		Documentation should be retained to support the communications between the stakeholders involved with the review of the individual's needs including decisions made by the Multidisciplinary Team (MDT) and the outcomes of the transition from Children's Services to Adult Services. *Agreed. Deadline March 2019.*	

Statement of Responsibility

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

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or reply for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

Mazars LLP
London
August 2018

Report for:	**Corporate Committee – 20 September 2018**
Item number:	
Title:	**Counter Fraud Update Report 2018/19 Quarter 1 (Apr-Jun 2018)**
Report authorised by :	**Assistant Director of Corporate Governance**
Lead Officer:	Minesh Jani, Head of Audit and Risk Management Tel: 020 8489 5973 Email: minesh.jani@haringey.gov.uk
Ward(s) affected:	**N/A**
Report for Key/ Non Key Decision:	**Information**

1. Describe the issue under consideration

1.1 This report details the work undertaken by the Counter Fraud Team for the quarter ending 30 June 2018 and focuses on details of pro-active and reactive investigative work undertaken relating to fraud and/or irregularities – work undertaken by the in-house Fraud Team.

2. Cabinet Member Introduction

2.1 Not applicable.

3. Recommendations

3.1 The Corporate Committee is recommended to note the counter-fraud work completed in the quarter (1) to 30 June 2018.

4. Reasons for decision

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

5. Alternative options considered

5.1 Not applicable.

6. Background information

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

7. Contribution to strategic outcomes

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

Haringey LONDON

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

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

8.2 Legal
The Council's Assistant Director of Corporate Governance has been consulted in the preparation of this report, and has no comments.

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

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

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

9. Use of Appendices
Appendix A – Employee investigation outcomes

10. Local Government (Access to Information) Act 1985
Not applicable.

11. Performance Management Information

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

Table 1 Performance measures – counter fraud activity

Ref.	Performance Indicator	Q1	YTD		Annual Target
12.2	Tenancy fraud – properties recovered secure tenancies	16	16	17	50
12.3	Tenancy fraud – properties recovered - Regeneration	1	1		
12.4	Right to Buy – fraudulent applications prevented	38	38	38	80

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

12.1 Internal employee investigations

In accordance with the Council's Constitution, the in-house Fraud Team investigates all allegations of financial irregularity against employees.

Quarter 1 investigations

Five (5) employee investigations under review in Q4 2017/18 were brought forward and within Quarter 1, three new cases relating to permanent and one new case of temporary employees were referred to the Fraud Team.

- Of the eight (8) permanent employee investigations, two were concluded with no further action, and four resigned. Two cases continued through Q2
- The temporary employee was dismissed
- One member of staff dismissed in January 2018 (Q4) had an appeal heard by Members in June 2018 (Q1); where the dismissal was upheld. The employee has submitted an Employment Tribunal application.

Following Internal Audit review or investigation; as at 30 June 2018, there are six (6) employee outcomes to report to Corporate Committee. These are shown at Appendix A.

The Fraud Team work closely with officers from HR and the service area involved to ensure that the investigation is completed as quickly as possible.

12.2 Tenancy Fraud – Council properties

In 2017/18, the numbers of referrals received, investigations completed and properties recovered to date by the Fraud Team are summarised below.

<u>2018/19 – Referrals received</u>		
Brought forward from 2017/18		110
Referrals received in 2017/18		69
Total referrals received for investigation		**179**
<u>2018/19 Outcomes</u>		
Properties Recovered	**17**	
No Fraud identified	24	
Total cases concluded		41
Ongoing Investigations		***138**

*See Note 1 below

Note 1: Of the 138 ongoing investigations; 55 of these cases (40%) are progressing towards tenancy recovery. Following a referral, the status of the tenancy has been investigated and the case is in Possession proceedings, most commonly for one of the following reasons:
. awaiting a Court Hearing
. the Particulars of Claim are with Legal Services
. an NTQ is awaiting expiry
. a succession application has been refused and the tenant is awaiting an offer of smaller accommodation. Notice on Public Trustee
. the rent account is showing an "Unauthorised Occupant" on the Housing database, awaiting eviction.
Properties will be included in the 'recovered' data when the keys are returned and the property vacated.

The Fraud Team works with Homes for Haringey (HfH) to target and investigate housing and tenancy fraud, which forms part of HfH's responsibilities in the Management Agreement. HfH continue to fund a Tenancy Fraud Officer co-located within the Fraud Team.

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

12.3 Pro-active counter-fraud projects

During 2018/19, the Fraud Team have continued with a number of pro-active counter-fraud projects in areas that have been identified as a high fraud risk. Progress reports on this work will be reported to the Corporate Committee during the year; the findings and outcomes are all shared with service managers as the projects are delivered.

12.3.1 Gas safety – execution of warrant visits

The Fraud Team accompany warrant officers on all executions of 'warrant of entry' visits where it is suspected that the named tenant is not in occupation

It has previously been reported to the Corporate Committee that in the financial year 2017/18 that the Fraud Team assisted with 170 gas safety warrants of execution, of which 22 contributed to the total of 54 secure tenancies recovered. In Q1 of 2018/19, the fraud team accompanied the HfH gas compliance team on 37 visits where four (4) of the properties are included in the 16 secure tenancies recovered.

Fraud Team accompanied warrants of execution 2018/19

Fin Year	No. of visits	No. recovered	% of all secure tenancy recovered

2017/18	170	22	40

2018/19	No. of visits	No. recovered	% of all secure tenancy recovered
Q1	17	4	23
Q2			
Q3			
Q4			
Total			

As at 30 June 2018 a further ten (10) properties are under continued investigation and the outcomes will be reported as properties are recovered.

<u>12.3.2 Lock Changes</u>
Following Gas Warrant interventions and particularly where there has been a forced entry, but keys have not been collected; the Fraud Team have begun looking at all lock changes that occurred in 2017/18 and working with:
(i) gathered evidence
(ii) Homes for Haringey (HfH)Tenancy Management data
(iii) HfH Repairs Team records
and matching with public information to establish genuine occupancy details. The exercise required obtaining a list of all lock changes that had been carried out in the financial year 2017/18. The total number of lock changes appeared to be significantly high – 2,900 - and a separate assessment will examine why so many were requested and if this is consistent with previous years, and to understand the reasons.

The list was divided into postcodes and a decision was taken to concentrate on those in the west of the Borough, as it will be seen from the mapping exercise as at Q4 (submitted in July 2018), that, historically, there is less recorded fraudulent activity in the west. In the four postcodes N4, N6, N8, N10, there was a total of 314 lock changes to be reviewed. Of these, 35 were chosen as a priority based on the reason for the lock change being either (i) an address with multiple lock changes or (ii) as a result of anti-social behaviour.
As at the end of Q1, the first 16 have been checked, with follow up visits and one property has been recovered, as it was proven to be subject to Tenancy Fraud.
Five (5) investigations out of these 16 continue with preparations for Notice to Quit or Interviews under caution and the remaining 19 cases are being checked with follow up validation visits, where appropriate.

12.3.3 Regeneration
The Fraud Team are now working with the Regeneration Team to review tenancies (both secure and Temporary Accommodation) to assist in:
(i) The decanting and re-locating of displaced tenants on Regeneration estates,
(ii) Leaseholders who are in negotiation to have their homes bought back.

To date the Fraud Team have prevented **one** fraudulent application to decant an individual to a larger property than needed and this is recorded in the Q1 figures above; they are also advising on a potentially fraudulent application to have a home bought back by the Council as a resident leaseholder when he is fact believed to be non-resident. This is important to follow through, as terms to have a home bought back as a resident leaseholder are more generous than that of a non-resident leaseholder.

12.3.4 No Recourse to Public Funds (NRPF)
As at 30 June 2018, eighteen (18) referrals have been received and responded to by the Fraud Team through the financial year. It can be reported that in four instances, the Fraud Team intervention has averted an ineligible application for financial or accommodation support being given, or an open case being closed. The four cases where there was no entitlement to NRPF related to cases where the claimant (and their family) were not destitute (this is an eligible criteria) since the claimant had accessed welfare benefits and it was evidenced the family had funds to pay their debts; and the claimants were ordinarily resident in other London Boroughs and we supported the family claim NRPF from their Council.

The average cost of NRPF support per family (accommodation and subsistence for a 2 child household) is around £20,000 pa.

12.3.5 Tenancy Fraud Mapping
A map of the tenancy fraud properties recovered in 2017/18 was presented to the Corporate Committee in July 2018 and will be updated with the full year effect 2018/19 in March 2019.

12.4 Right-to-buy (RTB) applications
As at 30 June 2018 there were approximately 262 ongoing applications under investigation. The team reviews every RTB application to ensure that any property where potential tenancy, benefit or succession fraud is indicated can be investigated further. The numbers of tenants applying to purchase their properties under the Right to Buy legislation has been reducing and whilst the reasons are not known with certainty, two possibilities are perceived to be (i) as valuations continue to rise and (ii) growth in tenant awareness of Fraud Team investigations.

In Q1, thirty eight (38) RTB applications were withdrawn or refused either following the applicants' interview with the Fraud Team, further investigations and/or failing to complete money laundering processes.

12.5 Financial Values 2018/19
Tenancy Fraud – council stock and temporary accommodation:

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

In Q1 seventeen (17) council stock properties have been recovered through the actions and investigations of the Fraud Team; therefore a total value of **£306,000** can be attributed to the recovery, or cessation, of fraudulent council and temporary accommodation tenancies, including those in the Regeneration areas**.**

Right to Buy Fraud:
Overall, the 38 RTB applications withdrawn or refused represent over **£3,986k** in potential RTB discounts; and means the properties are retained for social housing use.

12.6 Whistleblowing Referrals

The Head of Audit and Risk Management maintains the central record of referrals made using the Council's Whistleblowing Policy. One referral was made in Quarter 4, which related to an investigation already known and in progress with the Fraud Team. Regular reminders are provided for staff on how to raise concerns and use the Whistleblowing Policy; the latest reminder was issued in the July 2017 'In Haringey' staff newsletter. A copy of the policy is also held on the Council's intranet and website.

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IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/18- 30/06/18 (Q1)

Directorate	Irregularity Type Allegation of…	No. of cases investigated	No. of cases proven at 30/06/2018	No. of Officers subject to Disciplinary	Disciplinary Outcome	Value (£) (if known)	
CS **Formerly DCE**	Bringing the Council into disrepute	1	1	1	Resigned		1
CS **Formerly DCE**	Abuse of position	1	1	1	Resigned		2
CS **Formerly DCE**	Abuse of position	1	1	1	Resigned		3
CS	Abuse of position	1	0	0	No IA action		4
CTR	Undeclared second job	1	1	1	Resigned		5
CTR	Misuse of Resources	1	1	0	No Service action taken		6
		6	*5*	*4*			

Agency

Directorate	Irregularity Type Allegation of…	No. of cases investigated	No. of cases proven at 30/06/2018	No. of Officers subject to Disciplinary	Disciplinary Outcome	Value (£) (if known)	
CTR	Misuse of Blue Badge	1	1	1	Resigned		1
		1	*1*	*1*			

IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/18- 30/06/18 (Q1)

Ongoing – b/f Q2: 2018/19

Directorate	Irregularity Type	Invest/ ongoing	cases proven	No. of Officers	Disciplinary Outcome	Value (£)	
CTR **Formerly T&R**	Abuse of position MO'H	*1*					*1*
CS **Formerly DCE**	Abuse of position SW	*1*					*2*
TOTAL		**2**					

Ongoing – raised Q2: 2018/19

Directorate	Irregularity Type	Invest/ ongoing	cases proven	No. of Officers	Disciplinary Outcome	Value (£)	
E&N	Misuse of BB DR	*1*					*1*
CS	Abuse of sickness absence MC	*1*					*2*
CS	Working elsewhere paid by Haringey AG	*1*					*3*
TOTAL		***3***					

TOTAL		**5**					

Report for: **Corporate Committee – 20 September 2018**

Item number:

Title: **Annual Schools Report – 2017/18**

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

Lead Officer: Minesh Jani, Head of Audit and Risk Management
Tel: 020 8489 5973
Email: minesh.jani@haringey.gov.uk

Ward(s) affected: **N/A**

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

1. Describe the issue under consideration

1.1 This report advise the Corporate Committee of the outcomes of the 2017/18 schools audit programme and of the follow up audits carried out in 2017/18 by Mazars.

2. Cabinet member introduction

2.1 Not applicable.

3. Recommendations

3.1 The Corporate Committee is recommended to note the report.

4. Reasons for decision

4.1 The Corporate Committee is responsible for monitoring the adequacy and effectiveness of internal controls. The Committee receives regular reports highlighting findings from audits, this report provides an overview of findings arising from the audit of schools in 2017/18 by Mazars and provides the Committee with an opportunity to identify thematic issues that may impact on the governance at schools.

5. Alternative options considered

5.1 Not applicable.

6. Background information

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

7. Contribution to strategic outcomes

7.1 The work of the internal audit team provides independent assurance over the effectiveness of the control environment at schools. The primary responsibility for governance of schools rests with the Governing Body with oversight from the local authority over maintained schools. The work of the internal audit team is an important element of how the local authority can demonstrate it has discharged its statutory responsibility.

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

8.1 Finance and Procurement

There are no direct financial implications arising from this report. The work completed by the Internal Audit team is funded from within the Audit and Risk Management revenue budget.

8.2 Legal

The Council's Assistant Director of Corporate Governance has been consulted in the preparation of this report, and has no comments.

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.

9. Use of Appendices

None

10. Local Government (Access to Information) Act 1985

Not applicable.

11. Background

11.1 Internal Audit undertakes a programme of school audit reviews to ensure that schools are complying with the requirements of the Schools Finance Manual, issued in 2007; and to confirm the risks associated with the key financial and non-financial processes are appropriately managed.

11.2 Internal audit are not required to audit the School Financial Value Standard (SFVS), but the audit programme does check that the SFVS has been completed and whether it aligns with the audit findings. The programme of routine audit work should assist schools in providing assurance to Governing Bodies for the SFVS.

12. Feedback on 2017/18 audit work

12.1 This report:

- Summarises the overall outcomes and assurance levels provided to individual schools from 2014/15 to 2017/18;
- Provides information on the results of the formal follow up programme;
- Provides a summary of assurance and recommendations made; and
- Highlights some of the common issues relating to non-compliance with the Schools Finance Manual and good control where recommendations were made.

12.2 Table 1 below summarises the overall outcomes and assurance ratings for the previous four financial years of all internal audits completed.

Table 1 – Summary of assurance ratings provided 2014/15 to 2017/18

	Number of audits planned	Substantial assurance rating	Limited assurance rating	Nil assurance rating
2014/15				
Primary Schools (incl. nursery/special)	12	4	8	0
Secondary Schools	1	1	0	0
Sub-total	**13**	**5**	**8**	**0**
2015/16				
Primary Schools (incl. nursery/special)	12	8	4	0
Secondary Schools	1	1	0	0
Sub-total	**13**	**9**	**4**	**0**
2016/17				
Primary Schools (incl. nursery/special)	21	6	12	3
Secondary Schools	3	2	1	0
Sub-total	**24**	**8**	**13**	**3**
2017/18				
Primary Schools (incl. nursery/special)	19	10	7	2
Secondary Schools	1	1	0	0
Sub-total	**20**	**11**	**7**	**2**
Total	**70**	**33**	**32**	**5**

12.4 The table above shows 45% of schools audited in 2017/18 returned limited or nil assurance ratings. This is of concern to the Council and the issue has been included in the statutory Annual Governance Statement, which was reported to the Corporate Committee on 24 July 2018 as part of the Council's annual accounts.

12.3 School audits showed significant weaknesses across all schools in 2016/17. While 2017/18 has seen a fall in the number of primary and secondary schools assigned limited or nil assurance ratings, the internal control environment is still not at a level where we can see performance as satisfactory and risks are being robustly managed across all schools. Some schools in the 2017/18 audit programme were included as a result of previous poor audit assurance ratings and while some of these schools are on an improvement arc this improvement is slow and other schools remain a cause for concern.

12.5 For the school audits completed in 2017/18, **a total of 211 recommendations** were raised. Table 2 below summarises the recommendations made and groups them into the areas, which are contained within the individual audit reports issued to schools.

Table 2 – Overall assessment of control and recommendations raised

Area of Scope	Adequacy of Controls	Effectiveness of Controls	Recommendations Raised		
			Priority 1	Priority 2	Priority 3
Management organisation	**Green**	**Amber**	3	26	4
School improvement plan & OFSTED inspections	Green	Amber	1	9	3
Budget setting, monitoring & control	**Green**	**Amber**	5	14	3
Staffing	**Green**	**Amber**	0	17	13
Expenditure & accounting records	**Green**	**Amber**	13	26	8
Asset Management & Inventory Records	**Green**	**Amber**	4	21	14
School unofficial fund	Green	Amber	0	2	0
Income & Lettings	Green	Amber	1	12	5
School meals	Green	Amber	1	4	2
Total			**28**	**131**	**52**

12.6 The areas reported as 'Green' under '**Adequacy of Controls'** indicate that, overall, schools have identified appropriate controls which, if put into practice, would be adequate to manage the risks for that area.

12.6 The column headed **'Effectiveness of Controls'** is an assessment of whether the controls that have been put in place are working as intended. There were no areas where controls were reported to be working effectively in 2017/18.

12.7 Overall, the proportion of schools receiving 'limited' and 'nil' assurance has decreased, which is reflected in the fewer numbers of recommendations raised. The number of Priority 1 recommendations – those which we identify as fundamental control weaknesses, have decreased slightly from 2016/17 but is still high due to a handful of schools where we raised a number of recommendations. A summary of the outcomes and the details of Priority 1, 2 and 3 recommendations raised is shown in Appendix A.

12.8 Appendix A also shows that significant areas of non-compliance with the Schools Finance Manual found in 2017/18 were within the key financial areas reviewed by audit: **management organisation; budget setting, monitoring and control; staffing; expenditure and accounting records; and asset management**. These are the same areas as last year.

12.9 Serious weaknesses identified in these key financial processes and areas indicate that basic financial controls were weak or non-existent, which puts the school at a greater risk of fraud and poor long term financial stability. Key findings in 2017/18 included the following:

<u>Non-compliance with financial regulations:</u>

- No or insufficient numbers of written quotations or tenders obtained or retained for high value expenditure; high value expenditure not approved by Governing Body; purchase orders not raised for high value/routine expenditure; no valid invoice or receipts to support payments; bank mandate out of date; bank reconciliations not completed; debt recovery processes not taking place; budget monitoring not undertaken; VAT returns not submitted regularly.

<u>Items missing or non-existent:</u>

- Asset/inventory register (regular checks not completed); Policies not in place e.g. lettings; Register of Business Interests in that not all Governors and staff with financial responsibility completed an entry; No Statement of Acceptance (Contract) for new staff; overtime claim forms do not state reason for hours worked. Recruitment checks not undertaken in a timely fashion.

<u>Non-ratification/minuting:</u>

- Budget not approved by Governors: use of Pupil Premium not signed off by Governing Body; no sign off of Governing Body and Committee minutes; SFVS self assessment not approved; results of inventory and asset management reviews not approved.

13. Follow up programme for 2016/17 audits

13.1 Internal Audit completed formal follow up audits of all school audits, which were undertaken in 2016/17 that received limited assurance or better. School receiving No assurance to subject to a revisit and full audit. Appendix B sets out the overall results of the follow up work completed. The follow up visits were all arranged in advance with the individual schools and took account of the deadlines confirmed by schools for the implementation of recommendations.

13.2 The Committee will note that of the 172 original recommendations, only 111 (58%) had been fully implemented at the time of the follow up visit. This is a similar level as we reported last year (57%). This includes 80 significant issues, which were raised as priority 2 recommendations, which have not been fully addressed. This will lead to increased risk at these schools of fraud, error or inappropriate practice going uncorrected.

14. Training for Schools and Governors

14.1 In addition to circulating the school audit test programme, workshop sessions have been provided for school staff (finance staff, bursars, and head teachers) over the last four financial years to further assist schools in identifying key risk areas and control processes.

14.2 A workshop session was again offered to all schools with audits planned during 2018/19 as well as where key staff have changed in the last twelve months; the session was held on 19 April 2018 and some schools due to be audited in 2018/19 attended the session although attendance was lower than in previous years.

14.3 A training session on audit and risk management, covering governor roles and responsibilities in relation to audit and risk management, as well as providing advice and guidance on key risk/control areas, was provided on 23 March 2017 as part of the annual governor training package. The training session is offered every academic year and has been scheduled for this financial year on 25 September 2018 and 28 February 2019.

15. Internal Audit schools audit and follow up programme 2017/18

15.1 Internal Audit has started the 2018/19 programme of school audit visits; and all schools have been contacted and agreed dates for their respective audit visits.

15.2 Internal Audit will also arrange to follow up the 2017/18 audit work and recommendations. Both schools will be visited during 2018/19; where ‘nil’ assurance reports were issued and a full audit will be undertaken at these schools. Any schools where high priority recommendations (Priority 1) remain outstanding may be included in the 2019/20 school audit programme for further review.

Appendix A

Outcomes and recommendations raised for 2017/18 school audits

School	Type	Assurance	Recommendations Raised Priority 1	Priority 2	Priority 3	Total
Alexandra	Primary	Substantial	0	4	4	8
Bounds Green	Primary	Substantial	0	0	4	4
Bruce Grove	Primary	Limited	3	9	5	17
Chestnuts	Primary	None	10	10	1	21
Coldfall	Primary	Substantial	0	4	0	4
Crowland	Primary	Limited	3	14	1	18
Ferry Lane	Primary	Limited	1	6	4	11
Lancasterian	Primary	Limited	0	9	5	14
Mulberry	Primary	Substantial	0	4	0	4
Rhodes Avenue	Primary	Substantial	0	4	2	6
St Martin of Porres Catholic	Primary	Substantial	0	6	2	8
St Mary's CofE	Primary	Substantial	0	6	1	7
St Paul's Catholic	Primary	Substantial	0	5	2	7
Stamford Hill	Primary	None	6	13	2	21
Stroud Green	Primary	Limited	4	7	4	15
Tiverton	Primary	Substantial	0	7	2	9
Welbourne	Primary	Substantial	0	6	7	13
Rokesly	Infants	Substantial	0	5	5	10
St Peter in Chains	Infants	Limited	0	9	1	10
Primary & Special Sub-total			**27**	**128**	**52**	**207**
Hornsey School for Girls	Secondary	Substantial	1	3	0	4
Secondary Sub-total			**1**	**3**	**0**	**4**
Total			**28**	**131**	**52**	**211**

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The results of internal audit's follow-up work on the 2017/18 school audits

Follow up of 2016/17 audits	Type	Assurance	Recommendations raised				Recommendations Implemented				Partly Impl.	N/A	Not Impl.	Priority 1 O/S
School			**Priority 1**	**Priority 2**	**Priority 3**	**Total**	**Priority 1**	**Priority 2**	**Priority 3**	**Total**	**Total**	**Total**	**Total**	**Total**
Seven Sisters Primary	Primary		2	12	2	16	2	7	1	10	6	0	0	0
St Aidens Primary	Primary		0	7	3	10	0	5	1	6	2	0	2	0
Weston Park Primary	Primary		0	12	1	13	0	4	0	4	4	0	4	0
St John Vainney Primary	Primary		0	10	6	16	0	8	6	14	2	0	0	0
Tetherdown Primary	Primary		0	6	1	7	0	3	0	3	1	0	3	0
Lordship Lane	Primary		0	8	1	9	0	2	0	2	5	0	2	0
North Harringay	Primary		0	5	2	7	0	5	2	7	0	0	0	0
Our Lady of Muswell Hill	Primary		0	7	0	7	0	6	0	6	1	0	0	0
West Green	Primary		0	6	1	7	0	4	0	4	3	0	0	0
Belmont Junior	Junior		0	6	3	9	0	1	0	1	6	0	2	0
Rokesley Juniors	Junior		0	3	9	12	0	1	8	9	2	0	1	0
Pembury	Nursery		0	12	2	14	0	6	1	7	5	0	2	0
Woodlands Park	Nursery		0	5	1	6	0	4	1	5	1	0	0	0
Riverside Special School	Special		0	6	2	8	0	3	2	5	2	0	1	0
Vale Special School	Special		1	8	1	10	1	7	0	8	1	0	1	0
The Brook on Broadwater	Special		1	6	3	10	1	5	1	7	3	0	0	0
Blanche Nevile	Special		0	10	1	11	0	7	1	8	3	0	0	0
Primary/Special Total			**4**	**129**	**39**	**172**	**4**	**78**	**24**	**106**	**47**	**0**	**18**	**0**
Highgate Wood Secondary	Secondary		1	13	2	16	0	1	0	1	11	1	0	0
Fortismere Secondary	Secondary		0	1	3	4	0	1	3	4	0	0	0	0
Secondary Total			**1**	**14**	**5**	**20**	**0**	**2**	**3**	**5**	**11**	**1**	**0**	**0**
Overall Total			**5**	**143**	**44**	**192**	**4**	**80**	**27**	**111**	**58**	**1**	**18**	**0**

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