

## NOTICE OF MEETING

# CORPORATE COMMITTEE

**Tuesday, 24th July, 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

Quorum: 3

### **1. FILMING AT MEETINGS**

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

By entering the meeting room and using the public seating area, you are consenting to being filmed and to the possible use of those images and sound recordings.

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

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

### **3. URGENT BUSINESS**

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

### **4. DECLARATIONS OF INTEREST**

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

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

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

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

**5. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS**

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

**6. MINUTES (PAGES 1 - 6)**

To consider and agree the minutes of the meeting held on 9<sup>th</sup> July 2018.

**7. STATEMENT OF ACCOUNTS 2017/178 AND AUDIT FINDINGS REPORT (PAGES 7 - 12)**

**8. ANNUAL INTERNAL AUDIT REPORT 2017/18 (PAGES 13 - 32)**

**9. DRAFT ANNUAL GOVERNANCE STATEMENT 2017/18 (PAGES 33 - 60)**

**10. COUNTER FRAUD UPDATE REPORT 2017/18 - QUARTER 4 (PAGES 61 - 70)**

**11. ANTI FRAUD AND CORRUPTION STRATEGY (PAGES 71 - 106)**

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

20 September 2018.

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

To consider any items admitted at item 2 above.

Philip Slawther  
Tel – 020 8489 2615  
Fax – 020 8881 5218  
Email: [philip.slawther2@haringey.gov.uk](mailto:philip.slawther2@haringey.gov.uk)

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

Monday, 16 July 2018

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## **MINUTES OF THE MEETING OF THE CORPORATE COMMITTEE HELD ON MONDAY, 9TH JULY, 2018, 19:00**

### **PRESENT:**

**Councillors: Isidoros Diakides (Chair), Dana Carlin (Vice-Chair), Scott Emery, Barbara Blake, Eldridge Culverwell, Makbule Gunes, Mike Hakata, Josh Dixon, Alessandra Rossetti and Daniel Stone**

#### **1. 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.

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

Apologies for absence were noted from Cllr Morris, Cllr Barnes and Cllr Say.

Cllr Emery and Cllr Dixon attended as substitute.

#### **3. URGENT BUSINESS**

There were no Items of Urgent Business.

#### **4. DECLARATIONS OF INTEREST**

Cllr Carlin declared a non-pecuniary interest, as she sat on the APPCT Board as well as the Homes for Haringey Board.

Cllr Rossetti also advised that she sat on the Homes for Haringey Board.

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

None.

#### **6. MINUTES**

In response to a point of clarification, officers advised that there was an action during the previous meeting for the 2018/19 Audit Plan to come back to the first Corporate Committee of the new municipal year. The Plan presented to Members at agenda Item 8 was a revised version of the plan presented in March 2018.

The Chair sought clarification around the action in the previous minutes around the appropriateness of an additional *ex gratia* compensation payment, following the

Ombudsman's report dated 31<sup>st</sup> January. The Head of Audit and Risk Management agreed to look into this case and email the details to the Committee. (**Action: Minesh Jani**).

RESOLVED

That the minutes of the meeting on 22<sup>nd</sup> March 2018 were agreed as a correct record.

## 7. TREASURY MANAGEMENT OUTTURN 2017/18

The Head of Treasury Management introduced a report which provided an update on the Council's treasury management activities and performance in the year to 31<sup>st</sup> March 2018, in accordance with the CIPFA Treasury Management Code of Practice.

In discussion of the report, the following points were noted:

- a. In reference to local authorities being able to "opt up" to professional client status under MIFID II, officers advised the Section 151 Officer would be a key officer in terms of possessing the requisite professional experience to make investment decisions.
- b. In response to a question around the Council's borrowing strategy, officers advised that an increase in interest rates would not necessarily have an immediate impact on the amount of money available, as most of the borrowing that the Council undertook was done on a fixed rate basis. Officers also emphasised that the borrowing costs were linked to gilt yields rather than the Bank of England base rate, so an increase in the base rate would not necessarily result in a commensurate increase in the Council's borrowing rates. Gilt yields were largely determined by market sentiment and confidence.
- c. In response to a question about the potential costs involved with restructuring the LOBO loans, officers advised that the lenders involved would have to agree to repayment terms and that this would involve some cost to the Council. Officers elaborated that there were 6 separate LOBO loans from 3 different lenders and that 3 of these loans had review terms of 6 months, and the others were between 2 and 5 years. The review term periods were fixed intervals at which the lender could agree to increase the interest rates or the Council could repay the loan in full. There may be circumstances where changes in interest rates made repaying the loan and seeking alternative borrowing arrangements financially advantageous to the Council.
- d. In response to a query around what the Council's useable reserves were, officers advised that there was £188m in total useable reserves however this was a misleading figure as it included the HRA and schools.
- e. In response to a query, officers advised that there were significant slippages in the capital programme from year to year and that this was a primary reason in explaining the reported level of borrowing headroom.
- f. In response to a question about the difference between borrowing limits and current borrowing levels, officers advised that the headroom was around £116m for the Council as a whole and £78m for the HRA as at 31/3/18. Officers cautioned that the Council needed to demonstrate prudential borrowing and value for money when determining its investment activities.

The Committee agreed that it would like to receive a special training/induction session around treasury management for September. The Head of Treasury Management agreed to arrange this. **(Action: Thomas Skeen)**.

## RESOLVED

- I. That Members noted the Treasury Management activity undertaken during the year to 31<sup>st</sup> March 2018 and the performance achieved.
- II. That Members noted 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 of the report.

## 8. ANNUAL INTERNAL AUDIT PLAN AND STRATEGY 2018/19

The Committee received an updated internal audit plan, together with the internal audit strategy, for review and approval. The Committee noted that it was responsible for reviewing and approving the internal audit plan as part of its terms of reference. Corporate Committee approved the plan in March 2018 but Members asked that the new Committee be provided with a copy of the plan for information and ratification. The Head of Audit and Risk Management introduced the audit plan and strategy 2018/19.

Following discussion of the report, the following points were noted.

- a. In response to a question around how often school audits were undertaken, officers advised that they were usually done on a four year cyclical programme but schools that fell below the required level were re-assessed within 12 months.
- b. The Head of Audit and Risk Management advised that he would bring a paper which provided the Committee with information on the schools which had failed to provide satisfactory audit assurance, to its meeting in September. **(Action: Minesh Jani)**.
- c. The Committee raised concerns with the issue of overpayment of benefits, a number of Members had significant concerns around housing benefit administration and the impact that delays in this process had on their constituents. The Committee queried whether the level of concern that the Committee had around the issue could be better reflected in the amount of time allocated in the internal audit plan for 2018/19. The Head of Audit and Risk Management agreed to bring forward the audit of housing benefit and produce a report to the Committee on this issue. **(Action: Minesh Jani)**.
- d. The Chair advised that Members could contact the Head of Audit and Risk Management directly to discuss and feedback on some of their experiences and concerns in relation to housing benefit administration.
- e. In response to a query around the process for selecting which contracts were audited, officers advised that they were largely selected according to risk profile, reflecting the concerns and assurance needs of the organisation. Officers acknowledged that there was also a wider point around contract management being only one part of a wider procurement process and that the audit plan needed to provide adequate assurance on the process as a whole.

- f. The Committee suggested that the wider process of contract monitoring was going to be an important evidence base in determining any future programme of insourcing.
- g. The Chair sought clarification on what 'new build properties advisory' entailed, as set out on the audit plan. In response, officers advised that audit had been asked to input into a wider review and process of learning lessons following the building of council houses undertaken by the authority. The Chair requested that officers provide a briefing on this area of work and how the project was being scoped. The Chair also requested that officers ensure that the Cabinet Member was informed about this area of work. **(Action: Minesh Jani)**.
- h. The Committee raised concerns with the ability of HfH to adequately carry out repairs and suggested that this contract should be included in the audit plan. In response, officers advised that HfH had their own audit committee and audit processes and suggested that it would be a more appropriate place to undertake this. The Committee agreed to have an item on a future agenda around the ALMO and invite the MD of HfH to attend and submit a report on the repairs service. The Chair also requested that the Cabinet Member also be invited to attend the meeting. **(Action: Clerk/Minesh Jani)**.
- i. The Head of Audit and Risk Management agreed to provide a briefing to the Committee on the audit process around HfH. **(Minesh Jani)**.

The following additional areas were put forward by the Committee for suggested inclusion on the 2018/19 audit plan.

- a. Customer Services - The Head of Audit and Risk Management agreed to look in to this **(Action: Minesh Jani)**.
- b. Asset Disposal - The Head of Audit and Risk Management agreed to scope this. The Committee suggested that it should cover the last 2-3 years. **(Action: Minesh Jani)**.
- c. How much of the Council's money was spent locally in Haringey to support the local economy. Cllr Hakata agreed to email the Chair with further details on the scope and specific areas involved. **(Action: Cllr Hakata)**.

## **RESOLVED**

- I. That Corporate Committee noted the changes made to the plan since the start of the financial year.
- II. That Corporate Committee approved the updated Annual Internal Audit Plan for 2018/19.

## **9. END OF YEAR ACCOUNTS**

The Head of Pensions gave a short verbal update to the Committee on the end of year accounts.

The Committee was advised the Council met the 31<sup>st</sup> May deadline for submission of its draft annual accounts for the year 2017/18. The accounts were being reviewed by the auditor and a draft auditors report would be presented to the Committee at its meeting on 24<sup>th</sup> July. Officers advised that the statement of accounts was also published on the Council's website.



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

None.

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

24<sup>th</sup> July 2018.

CHAIR: Councillor Isidoros Diakides

Signed by Chair .....

Date .....

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**Report for:** Corporate Committee 24 July 2018

**Item number:**

**Title:** Statement of Accounts (SoA) 2017/178 and Audit Findings Report

**Report**

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

**Lead Officer:** Frances Palopoli, Head of Finance Operations Accountant  
[frances.palopoli@haringey.gov.uk](mailto:frances.palopoli@haringey.gov.uk) 0208 489 3896

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

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

**1. Describe the issue under consideration**

- 1.1 To present the Statement of Accounts for 2017/18 following the completion of the external audit.
- 1.2 For those charged with Governance to consider the statutory Annual Report from BDO LLP which reports on their annual audit of the Council's statutory accounts, value for money and other relevant information

**2. Cabinet Member Introduction**

- 2.1 Not applicable

**3. Recommendations**

- 3.1 That the Committee consider the contents of this report and any further oral updates given at the meeting by BDO LLP.
- 3.2 That the Committee approves the Statement of Accounts 2017/18, subject to any final changes required by the conclusion of the audit, being delegated to the Chief Financial Officer in consultation with the Chair.
- 3.3 That the Committee gives the Chair of the Committee and Chief Finance Officer (S151 Officer) authority to sign the letter of representation to the Auditor.
- 3.4 That the committee notes the Audit Findings Report of the auditors, BDO LLP, and approves the management responses in the BDO LLP action plan contained within that report.

**4. Reasons for decision**

4.1 Approval of the Council's accounts is a non-executive function fulfilled by the Corporate Committee; the audited Statement of Accounts must be approved by the statutory deadline of 31st July.

**5. Alternative options considered**

5.1 None

**6. Background information**

6.1 The preparation and audit of the annual statement of accounts is a statutory requirement of the Accounts and Audit (England) Regulations 2015. The draft accounts must be prepared and certified by 31st May by the Chief Financial Officer that it represents a true and fair view of the financial position of the Council. This was done on 31<sup>st</sup> May 2018 according to the revised statutory deadlines. These draft accounts are available for review on the external website.

6.2 By no later than 31st July each year the accounts must be audited, amended as required, considered by the appropriate committee responsible for audit and published.

6.3 Since the draft accounts were published, a number of issues have been identified that require changes to be made. These have been identified by officers & the Auditors or arisen as a consequence of post balance sheet events. Most are immaterial but take time to properly reflect in the accounts. As such, we are not able to append the final SoA to this report. We will circulate it to Committee members ahead of the meeting.

6.4 Due to the revised, more stringent timetable, the Auditors are also still undertaking their review and the Auditors "Audit Completion Report" for 2017/18 will also need to be circulated separately ahead of the meeting.

6.5 The content of the Statement of Accounts is largely determined by statutory requirements and mandatory professional standards as set out within the "Code of Practice on Financial Reporting" published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The CIPFA Code of Practice is based on International Financial Reporting Standards (IFRS).

6.6 The Council's Provisional Outturn 2017/18 was reported to Cabinet in June 2018 and detailed a small overspend on the General Fund revenue budget and an HRA underspend against budget of £4.011m. Following the production of the draft accounts, a number of adjustments have had to be made, as outlined in 6.3 above. These have largely affected the Councils balance sheet reducing the general fund reserve by £0.5m and adjusting the holding value of some of our assets. The changes will be reflected in the auditor's completion report and an oral presentation of their findings will be made to the Committee.

## Statement of Accounts 2017/18

6.7 The Accounts show the financial position of the Council (the single entity accounts) and also the “Group” which comprises the Council itself plus its share of any controlled Companies. The Council incorporates Homes for Haringey and Alexandra Park and Palace Charitable Trust within its Group Accounts. The following paragraphs give a brief overview of the statements to facilitate navigation of the document:

- a) The Narrative Report provides commentary on the financial and non-financial performance of the Council, highlights most significant matters reported in the accounts as well as looking at future developments and challenges for the Council and key strategic risks. The narrative report is not formally part of the Statement of Accounts and is not therefore covered directly by the statutory requirements for an audit opinion.
- b) The Core Statements comprising:

**The Comprehensive Income and Expenditure (I&E) Statement** shows the costs incurred and income received in respect of the services provided by the Council within the financial year. The I&E contains a number of „accounting” entries that are required to be made by the Code of Practice governing the presentation of the accounts: and as a result it is different from the standard management accounts reported to Members through the year.

From 2016/17 a new financial performance statement was introduced, the **Expenditure and Funding Analysis (EFA)**, to show:

- the income and expenditure chargeable to General Fund and HRA balances; and
- adjustments required to prepare accounts on a generally accepted accounting basis.

The objective of the EFA is to demonstrate to council tax and rent payers how the funding available to the Council (i.e. council tax, housing rents, business rates and central government grant) has been used in providing services in comparison to those resources consumed in accordance with generally accepted accounting practices. The EFA shows how the resources have been allocated for decision making purposes. The EFA is not a primary statement but has been included with the Core Statements to give prominence to this important note.

**The Movement in Reserves Statement** shows the money that the Council had in its reserves at the beginning of the financial year, and details the money coming in and out of those reserves resulting in the closing balance on 31 March 2018. It shows the movement in both useable and un-useable reserves including Earmarked Reserves.

**The Balance Sheet** lists the financial value of the assets and liabilities of the Council as at the end of March 2018.

**The Cashflow Statement** shows movement during the year based on cash transactions (rather than the accruals basis used in the CIES). As

such, it explains how the Council's cash position has changed over the course of the year.

c) Notes to the Accounts

The Notes to the Accounts provide more detail behind the figures in the four main statements above and the EFA. The references on the statements direct the reader to the relevant note(s).

d) Subsidiary Statements

The **Housing Revenue Account (HRA)** is a separate ring-fenced account showing the expenditure and income relating to the management and maintenance of the Council's social housingstock.

The **Collection Fund** is a separate account detailing Council Tax collections (including those collected on behalf of the Greater London Authority) and National Non-Domestic Rates (NNDR) which, following implementation of the Business Rates Retention Scheme, are shared between the Council, the Government and the GLA.

e) The Pension Fund Accounts

The Pension Fund Accounts are separate from the rest of the Council's accounts and show the income (pension contributions and investment returns) and expenditure (pension payments and fund management costs) for the year together with the assets and liabilities of the Pension Fund as at 31st March 2018. The Fund is audited at the same time as the Council's main accounts but is subject to a separate audit opinion. The Pension Fund accounts and annual report will be reported to the Pension Committee & Board meeting on 23 July 2018.

Also published with the Statement of the Accounts is the Annual Governance Statement (AGS). The AGS sets out the governance structure of the Council and, its key internal controls.

### **External Auditor's "Audit Completion Report"**

6.8 The purpose of the BDO LLP Report is to detail their findings and matters arising during the course of auditing the financial statements. Due to the revised timetable for producing the annual accounts, the report was not able to be included as part of this documentation – but instead will be circulated ahead of the Committee meeting. It will include key audit issues, value for money conclusions and an agreed management action plan. The Auditors will also make an oral presentation of their findings to the Committee and will be able to respond to questions from Members.

6.9 Whilst the auditors have identified a number of amendments to the accounts, there are no areas of dispute between the Council and the auditors. The audit has been extremely thorough and we expect BDO to highlight areas where improvements to controls could be made which would further minimise the chance of mis-statement within the accounts for future years. The Council will consider the points raised and, where agreed, prepare an action plan to bring about those improvements.

Delivery of the action plan will be closely monitored and progress reported to Corporate Committee.

### **Next Steps**

- 6.10 BDO LLP are required to give their opinion on the accounts by 31st July 2018 so any outstanding work on the audit needs to be completed before then.
- 6.11 The Chief Financial Officer and the Chair of the Corporate Committee are required to sign a letter of representation to acknowledge their responsibility for the fair presentation of the financial statements and as audit evidence on matters material to the financial statements. This will be done as soon as practical but before the 31<sup>st</sup> July.
- 6.12 The result of this audit will be incorporated in the Annual Audit and Inspection Letter which will be presented to the next Corporate Committee in September 2018. It will then be made available to all Councilors and reported to the Cabinet. The final letter will contain references to the final opinion and a summary of the Annual Governance report issues.

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

7.1 Good financial management supports delivery of strategic outcomes

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

### **Finance and Procurement**

Included within the Report

### **Legal**

The Statement of Accounts has been produced in accordance with the Accounts and Audit (England) Regulations 2015 and the Chartered Institute of Public Finance (CIPFA) Code of Practice, 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**

There are no equality issues arising from this Report

## **9. Use of Appendices**

None

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

- a. Cabinet Outturn Report July 2018
- b. Closure of Accounts 2017/18 working Papers

All the above papers are available for inspection through Frances Palopoli, Head of Finance Operations ext. 3896

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**Report for:** Corporate Committee – 24 July 2018

**Item number:** 8

**Title:** Annual Internal Audit 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](mailto: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 To inform Members of the overall adequacy and effectiveness of the system of internal control and risk management operating throughout 2017/18 and present a summary of the audit work undertaken to formulate the opinion, including reliance placed on work by other bodies.
- 1.2 This report also fulfils the relevant statutory requirements of the 2013 UK Public Sector Internal audit Standards (PSIAS) 2017; the Local Government Transparency Code; and the Corporate Committee's terms of reference.

**2. Cabinet Member Introduction**

- 2.1 Not applicable.

**3. Recommendations**

- 3.1 That the Corporate Committee notes the content of the Head of Audit and Risk Management's annual audit report and assurance statement for 2017/18.

**4. Reasons for decision**

- 4.1 The Corporate Committee is responsible reviewing the Annual Internal Audit Report as part of the required statutory processes.
- 4.2 In order to facilitate this, reports are provided on a quarterly basis to the Corporate Committee on the work undertaken by the Internal Audit Service in completing the 2017/18 annual audit plan, together with reports on the responsive and pro-active fraud investigation work undertaken during the year.
- 4.3 The report also supports the production of the Council's statutory Annual Governance Statement.

**5. Alternative options considered**

- 5.1 Not applicable.

## 6. Background information

6.1 One of the terms of reference for the Corporate Committee is *'to consider the Head of Audit and Risk Management's annual report and a summary of Internal Audit activity (actual and proposed) and the level of assurance it can provide about the Council's corporate governance arrangements.'*

6.2 In addition, the mandatory PSIAS state:

- The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.
- The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- The annual report must incorporate:
  - the opinion;
  - a summary of the work that supports the opinion; and
  - a statement on conformance with the PSIAS and the results of the quality assurance and improvement programme.

6.3 The 2015 Local Government Transparency Code requires the Council to publish information annually in respect of its counter-fraud activities and the resources used to undertake this.

6.4 The information in this report has been compiled from information held within Audit & Risk Management and from records held by Mazars Public Sector Internal Audit Ltd (Mazars), the contracted provider of internal audit services to the Council and relates to the work carried in the financial year 2017/18.

## 7. Contribution to strategic outcomes

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

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

8.1 Finance and Procurement

There are no direct financial implications arising from this report. The work completed by Mazars is part of the framework contract which was awarded to the London Borough of Croydon and extended to 31 March 2024, in accordance with EU regulations. The costs of this contract are contained and managed within the Audit and Risk Management revenue budget.

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

Two of the largest areas of activity concern housing – tenancy and 'Right to Buy' fraud. The financial benefits to the Council of the housing tenancy fraud

work will be realised as properties are recovered and returned to the Council's portfolio. The Cabinet Office estimates that the costs of fraudulent tenancies and unauthorised sub-letting equate to £18k per annum per property, mainly relating to additional costs for temporary accommodation. Preventing fraudulent Right to Buy applications ensures that properties are retained within the social housing stock and discounts of up to £104k per property are not allocated to those who are not entitled to receive them.

## 8.2 Legal

The Assistant Director of Corporate Governance has been consulted in the preparation of this report, and in noting that the level of audit coverage complies with the mandatory PSIAS industry required standards, and that measures have been put in place to deal with instances of limited or nil assurance reports, 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.

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

## 9. Use of Appendices

Appendix A – Annual Internal Audit Report 2017/18

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

Not applicable

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**Annual Report on Internal Audit Activity 2017/18****1. Role of Internal Audit**

- 1.1 The requirement for an internal audit function is detailed within the Accounts and Audit (England) Regulations (amended) 2016, which states that a relevant body must: *'Undertake and effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.'*
- 1.2 The mandatory UK Public Sector Internal Audit Standards (PSIAS) are the 'auditing standards' which the Accounts and Audit Regulations refer to and which the Council must comply with. Under these standards, internal audit are required to have an external quality assessment at least once every five years. Haringey's audit was externally assessed in 2014, which confirmed that the Council complied with the required standards; annual self-assessments undertaken since this have ensured continuing compliance with PSIAS.
- 1.3 The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. The Accounts and Audit Regulations require the Council to review, at least annually, the effectiveness of its system of internal control. Internal audit plays an important role in advising the Council that these arrangements are in place and operating effectively. The Council's response to internal audit activity and recommendations should strengthen the control environment and ultimately contribute to achieving the organisation's objectives.
- 1.4 Internal Audit services for Haringey Council, excluding the investigation of allegations of fraud and corruption, are provided by Mazars Ltd (Mazars) as part of the framework contract awarded to the London Borough of Croydon. The contract was retendered in 2017 and now runs until 2024 with a further option to extend for 2 years.

**2. Internal Audit Approach**

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

In addition, each recommendation is given a priority rating, to assist service management in prioritising their work to address agreed recommendations. The overall classification relates to the findings at the time of the audit work. Internal Audit undertake formal follow up work to ensure recommendations are implemented.

### **3. Internal Audit Opinion**

- 3.1 The Head of Audit and Risk Management is responsible for delivering an annual audit opinion and report that can be used by the Council to help inform its statutory Annual Governance Statement. The annual audit opinion provides a conclusion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
- 3.2 In April 2018, a new Head of Audit and Risk was appointed, the period April to December 2017 was covered by the outgoing Head of Audit and Risk and an interim post holder covered the January to March period before the new post holder started. The views of all three individuals have been considered as part of hand over arrangements and in producing this report.
- 3.3 Internal audit work, using a risk based approach, included reviews of those systems, projects, and establishments to discharge the Chief Financial Officer's responsibilities under s151 of the Local Government Act 1972; the 2013 UK Public Sector Internal Audit Standards; and the 2016 Accounts and Audit (England) Regulations.
- 3.4 In providing the annual audit opinion reasonable, but not absolute, assurance can be provided that there are no major weaknesses in the processes reviewed. In assessing the level of assurance given, I have taken account of:
- Reports on all internal audit work completed, including any advisory work and briefings to management;
  - Results of follow up exercises undertaken;
  - Any reviews completed by external review bodies;
  - The resources available to deliver the internal audit plan; and
  - The compliance with 2017 UK PSIAS.

### **4. Audit Opinion 2017/18**

- 4.1 I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of the Council's internal control environment.
- 4.2 I have considered the work completed by both Mazars and the in-house counter-fraud investigation team for 2017/18. This includes reviews of internal audit reports, fraud investigations and briefings to management. In my opinion, with the exception of those areas where 'limited' or 'nil' assurance reports have been issued, the controls in place in those areas reviewed are adequate and effective.

- 4.3 Where weaknesses in controls have been identified, internal audit has worked with management to agree appropriate actions and timescales for implementation. Internal Audit will undertake follow up reviews or further audit work to confirm their implementation.
- 4.4 In my opinion, the Council's framework of governance, risk management and management control is adequate and audit work has found controls to be generally effective. Issues arising from internal audit's work which have significant implications for the Council's control and assurance framework have been included in the Annual Governance Statement, which is reported separately to the Corporate Committee.
- 4.5 The control environment at Osborne Grove was an area of significant concern during the year. Osbourne Grove is a Council run Nursing Home in Stroud Green. We visited the establishment following an adverse CQC report and subsequently issued a No Assurance report. Management took swift action to rectify the issues identified and on a follow up visit no recommendation remained outstanding.
- 4.6 Analysis of recommendations raised in service focus reviews shows that a significant proportion of recommendations raised relate to organisation controls highlighting staff are aware of their responsibilities and such responsibilities being appropriately discharged. This includes such issues as out of date policies, procedures and guidance, poor record keeping, failure to keep service user data and service assessments up to date, poor training provision and a lack of up to date job descriptions.
- 4.7 Further actions to enhance the governance framework, where controls were not fully implemented in 2017/18 included:
- The need to review and refresh the Human Resources policies and present to Standards and Remuneration Committee;
  - Finalisation of the Adults safeguarding protocols;
  - The need to establish a database of all consultation responses which is accessible on the council's website; and
  - Updating the Local Code of Corporate Governance. A significant amount of work has been carried out in this area and the code will be finalised shortly.
- 4.8 We reported last year that the control environment in Haringey's schools required improvement. While this year our schools visits have indicated an improvement with fewer schools assessed as limited or no assurance opinion, some schools are still a cause for concern. This includes one school where a No Assurance report has been issued for two years in a row. Work continues to be undertaken in conjunction with the Schools Forum and Children's Services to assist schools and reduce the potential risks. A summary of outcomes for 2017/18 is as follows:
- 11 schools received a 'substantial' assurance rating; (2016/17 -9)
  - Seven schools received a 'limited' assurance rating (2016/17 – 13); and
  - Two schools received a 'nil' assurance rating (2016/17 3).

## 5. Internal Audit Coverage and Output

5.1 The 2017/18 audit plan was informed by internal audit's own assessment of the Council's key risk areas and discussions with Priority Owners and senior management to ensure that audit resources were aligned to agreed areas of risk. A small contingency was included in the audit plan to ensure any emerging risks during the year could be adequately reviewed. Work has been planned and performed in order to obtain reasonable assurance that the internal control system is operating effectively.

5.2 The original plan for 2017/18 included 55 projects, including schools audits, and was approved by the Corporate Committee on 21 March 2017. Internal audit liaised closely with Priority Owners and senior managers during the year to ensure that audits planned continue to focus on high risk areas in light of emerging risks and changes to operational processes.

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

Number of projects as per the original plan	55
Audits added to the plan	4
Cancelled audits	4
Audits deferred to 2018/19	1
<b>Total number as per the revised plan</b>	<b>54</b>

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

5.5 Resources to complete follow up work are also included in the annual audit plan, including formal follow up reports for schools. The results of the follow up reviews were reported to the Corporate Committee throughout 2017/18.

5.6 The 2017/18 internal audit plan was substantially completed with the following exceptions:

- Fieldwork was in progress for 11 review at 31 March 2017; and
- Two audits had been postponed at management request to commence after 31<sup>st</sup> March 2018.

I do not consider these exceptions to have an adverse impact on providing my overall opinion for 2017/18.

5.7 Including follow up work and resources to support work, which did not result in a formal report, Mazars have delivered 98% of the planned audit work; this meets the agreed performance indicator of a 95% completion rate.



5.8 The following table indicates the audits completed and levels of assurance provided for the 2017/18 audit plan. Four audits reports were still to be issued as final.

**Table 1 – Number of reports issued by assurance level**

<b>Assurance Level</b>	<b>Number of Reports Issued</b>
<b>Full Assurance</b>	0
<b>Substantial Assurance</b>	27
<b>Limited Assurance</b>	16
<b>No Assurance</b>	3
<b>Advisory work completed</b>	4
<b>Final reports to be issued</b>	4
<b>Total</b>	<b>54</b>

**Assurance Definition:**

**Full Assurance:** There is a sound system of control designed to achieve the system objectives.

**Substantial Assurance:** There is basically a sound system, but there are weaknesses which put some of the system objectives at risk.

**Limited Assurance:** Weaknesses in the system of controls are such as to put the system objectives at risk.

**No Assurance:** Control is generally weak leaving the system open to significant error or abuse.

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

5.10 The level of audit coverage provided in 2017/18 is satisfactory and complies with the requirements of the mandatory UK Public Sector Internal Audit Standards (PSIAS).

**Internal Audit Plan 2017/18 – Summary of Audit Recommendations and Assurance Ratings**

Ref.	Audit area	Assurance Level	P1 Recs.	P2 Recs.	P3 Recs.	Status
	<b>CORPORATE RISK AUDITS</b>					
1	HR processes - IR35 implementation and exit payments.	Substantial	0	1	1	Final
2	Declaration of Interests.	Substantial	0	3	3	Final
3	Information governance – data storage arrangements (electronic and physical).	Limited	2	7	0	Final
	<b>Priority 1 – Outstanding for all (Children Services)</b>					
4	High Needs Block funding – <i>postponed at management request.</i>	-	-	-	-	-
5	Looked after children/care leavers - high cost placements <i>postponed at management request.</i>	-	-	-	-	-
6	Early Help processes	Substantial	0	2	0	Final
7	Children’s Centres – safeguarding and financial processes	Substantial	1	2	0	Draft
8	No Recourse to Public Funds (including refugee/asylum seekers).	Limited	0	8	0	Final
	School Admissions – policy and operational processes. <i>postponed at management request.</i>	-	-	-	-	-
	<b>Priority 2 – Outstanding for all (Adult Social Services)</b>					
9	Discharge to Assess	Substantial	0	2	0	Final
10	Osborne Grove	No	11	11	2	Final
11	Direct Payments	Limited	1	6	1	Final
12	Community Alarm Service	Limited	4	7	1	Final
13	Safeguarding	Substantial	0	4	1	<b>Final</b>
14	Reviews for independence	Substantial	0	2	1	Final
15	The A Team	Limited	7	11	2	Final

Ref.	Audit area	Assurance Level	P1 Recs.	P2 Recs.	P3 Recs.	Status
	<b>Priority 3 – Clean and Safe (Environmental Services &amp; Community Safety)</b>					
15	Capital and project expenditure and procurement processes	Advisory	0	8	1	Final
	Highways – contractor invoicing and monitoring	Substantial	0	1	1	Final
16	Reactive maintenance	Substantial	1	0	1	Final
18	Operational Services – Budget allocation and management	Substantial	0	2	0	Final
	<b>Priority 4 – Sustainable Housing Growth and Employment (Regeneration)</b>					
19	Haringey Development Vehicle – strategic partner/operating processes	Advisory	N/A	N/A	N/A	Final
20	Estate Renewal – re-housing and payments	Substantial	0	4	0	Final
	<b>CORPORATE IT AUDIT:</b>					
21	Shared digital – contract management	Substantial	0	2	2	Final
22	Project management processes – <i>postponed by management request.</i>		-	-	-	-
23	Mosaic application	Substantial	0	0	2	Final
24	ICON application upgrade	Substantial	0	2	0	Final
	<b>CONTRACT AND PROCUREMENT:</b>					
25	Provision of pharmacies enhanced service (framework)	Substantial	0	3	0	Final
26	Master vendor for supply of agency staff	Substantial	0	4	0	Final
27	Contract extensions/waivers.	Limited	1	2	0	Final
28	Operational procurement processes	Limited	1	5	1	Final
	<b>KEY FINANCIAL SYSTEMS</b>					
	Strategic Financial Management & Budgetary Control	N/A	-	-	-	Continuous
	Cash Receipting	N/A	-	-	-	Continuous
	Treasury Management	N/A	-	-	-	Continuous
	Accounting & General Ledger	N/A	-	-	-	Continuous
	Accounts Payable (Creditors)	N/A	-	-	-	Continuous
29	Pension Fund	Substantial	0	0	2	Final

Ref.	Audit area	Assurance Level	P1 Recs.	P2 Recs.	P3 Recs.	Status
	Accounts Receivable (Sundry Debtors)	N/A	-	-	-	Continuous
	Housing Benefits	N/A	-	-	-	Continuous
	Council Tax	N/A	-	-	-	Continuous
	NNDR	N/A	-	-	-	Continuous
	Payroll	N/A	-	-	-	Continuous
30	Teachers' Pensions contributions	Grant certification	-	-	-	Final
	<b>School Audits</b>					
	<b>Primary Schools</b>					
31	Alexandra	Substantial	0	4	4	Final
32	Bounds Green	Substantial	0	0	4	Final
33	Bruce Grove	Limited	3	9	5	Final
34	Chestnuts	No	10	10	1	Final
35	Coldfall	Substantial	0	4	0	Final
36	Crowland	Limited	3	14	1	Final
37	Ferry Lane	Limited	1	6	4	Final
38	Lancasterian	Limited	0	10	4	Final
39	Mulberry	Substantial	0	4	0	Final
40	Rhodes Avenue	Substantial	0	4	2	Final
41	St Martin of Porres RC	Substantial	0	6	2	Final
42	St Mary CE	Substantial	0	6	1	Final
43	St Paul's RC	Substantial	0	5	2	Final
44	Stamford Hill	No	6	13	2	Final
45	Stroud Green	Limited	4	7	4	Final
46	Tiverton	Substantial	0	7	2	Final
47	Welbourne	Substantial	0	6	7	Final
	<b>Infants Schools</b>					
48	Rokesly Infants	Limited	0	5	5	Final
49	St Peter in Chains	Limited	1	9	1	Final
	<b>Secondary Schools</b>					
50	Highgate Wood	Substantial	1	3	0	Final
	<b>Ad-hoc Work:</b>					
51	High Road West**	Substantial	0	1	0	Final
52	Oakmont (19 plus)**	Limited	0	3	1	Draft
53	Residents Permits**	Limited	0	8	1	Final
54	Headteachers Pay**	Advisory	N/A	N/A	N/A	Final

\*\*Four reviews added to the 2017/18 plan at the request of Priority Owners

### 2017/18 - Audits Deferred and Cancelled

<b>Audit area</b>	<b>Reason audit not undertaken</b>
Information Governance – Data Protection and GDPR preparations	Deferred to 2018/19 to allow new processes and systems to be embedded
High Needs Block Funding	Deferred to Quarter 4 2017/18 to Quarter 1 2018/19.
Looked after Children / Care leavers – High cost Placements	Deferred to Quarter 4 2017/18 to Quarter 1 2018/19.
School Admissions – Policy and Operational Procedures	Deferred to Quarter 4 2017/18 to Quarter 1 2018/19.

## Counter-fraud work 2017/18

### 1. Introduction

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

### 2. Transparency Code 2015

2.1 In accordance with Part 2 of the Local Government Transparency Code 2015, Haringey is required to publish information on the cost of its counter-fraud work and the outcomes achieved. Details of the required information and the Fraud Team's involvement in counter-fraud work during 2017/18 is summarised below:

**Table 2 Transparency Code reporting – costs and fraud cases 2017/18**

Transparency Code requirement	2017/18
Allocated budget for counter-fraud work	£685k
Number of staff (absolute and FTE) undertaking counter-fraud work	8 staff: 8.0 FTE
Number of staff of professionally accredited counter-fraud specialists	5 staff
Total amount of time spent on the investigation and prosecution of fraud	1,463 days
Total number of fraud cases investigated	842
Number of occasions powers under the Prevention of Social Housing Fraud Regulations have been used	48

2.2 The Transparency Code also requires a breakdown of the 842 fraud cases (identified in Table 2) investigated during 2017/18. This detail is summarised in Table 3 below:

**Table 3 Transparency Code reporting – investigations completed by type**

Investigation area	Number of investigations
Right to Buy applications	280
Tenancy fraud	142
Pro-active tenancy checks	148
Gas Safety tenancy checks	170
Employee fraud cases	21
No Recourse to Public Funds	81
<b>Total</b>	<b>842</b>

### 3. Internal Employee Investigations

- 3.1** During 2017/8, eighteen (18) investigations were completed involving council employees. The allegations covered a number of issues including misuse of position, misuse of council resources, misuse of blue badge, tenancy fraud, dishonesty and one case of 'no right to work in the UK'. The number of investigations completed by directorate is shown below. The number of investigations in total is consistent with previous year's work.
- 3.2** In all 18 investigations, the Head of Audit and Risk Management issued an Irregularity Report to service management; which identified the relevant breach of the Council's Code of Conduct and recommended:
- (i) Disciplinary action be taken in accordance with Council procedures and /or
  - (ii) Changes to policy, practice or procedure to mitigate similar occurrences.
- 3.3** In eight (8) cases, the investigation found evidence to support the allegations. In five (5) instances the Fraud Team were required to support the disciplinary process, which led to three (3) dismissals and one (1) final written warning. In one (1) instance, the member of staff was re-instated. Three (3) employees resigned prior to a disciplinary hearing.
- 3.4** In ten (10) cases, service management completed the disciplinary process. There was one (1) instance of a compromise agreement, two (2) employees were re-instated and no further action recorded in the remaining seven (7).
- 3.5** The Fraud Team work closely with officers from HR and the service area involved to ensure that the investigation is completed as quickly as possible. The Fraud Team have a target to complete investigations within eight weeks of the referral. This was achieved in 2017/18; although cases can and do take longer to go through the disciplinary process and reach a conclusion.
- 3.6** The Fraud Team work closely with officers from HR and the service area involved to ensure that the investigation is completed as quickly as possible. The Fraud Team have a target to complete investigations within eight weeks of the referral.

**Table 4 – Employee Investigations by service area**

<b>Service area</b>	<b>Investigations 2017/18</b>
Deputy Chief Executive	6
Chief Operating Officer	7
Homes for Haringey	4
Corporate Governance	1
<b>Total</b>	<b>18</b>

#### **4. Use of the Council's Whistleblowing policy 2017/18**

**4.1** The Head of Audit and Risk Management maintains the central record of referrals made using the Council's whistleblowing policy. In total, three whistleblowing referrals were made during 2017/18, all which were anonymous.

**4.2** All referrals made using the whistleblowing policy are reviewed and subsequent investigations are managed according to all relevant statutory requirements, including Data Protection, Regulation of Investigatory Powers and Police and Criminal Evidence Acts. In some cases, the limited amount of information provided means a full investigation cannot be undertaken. The Head of Audit and Risk Management undertakes an initial review of the information before agreeing an approach with HR and service management. Any allegations relating to financial issues are investigated by the Fraud Team.

**4.3** In 2017/18, two cases were referred to service management to be dealt with as they did not relate to financial issues; two cases related to previous whistleblowing referrals made in 2015/16 which had been closed due to lack of evidence, no further information was provided and the cases were closed; ten cases were investigated by the Fraud Team, eight cases were closed either due to lack of information or evidence and two cases were subject to further action; two cases remained ongoing at the year end.

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

## **5. Pro-active and Reactive Counter Fraud Activity 2017/18**

**5.1** During 2017/18, the Fraud Team have undertaken a number of pro-active and reactive counter-fraud projects in areas which have been identified as a high fraud risk. Progress reports on this work have been reported to the Corporate Committee during the year; the findings and outcomes are all shared with service managers as the projects are delivered. Details of the key counter-fraud projects are detailed below.

### **5.2 Tenancy Fraud**

**5.2.1** In 2017/18, the Fraud Team continued to work with Homes for Haringey to prevent and detect tenancy fraud. Numbers of referrals received, investigations completed and properties recovered to date by the Fraud Team are summarised below.



**Table 5 – tenancy fraud referrals, investigations and properties recovered****2017/18 – Referrals received**

Brought forward from 2016/17	93
Referrals received in 2016/17	197
<b>Total referrals received for investigation</b>	<b>290</b>

**2016/17 Outcomes**

<b>Properties Recovered</b>	<b>55</b>
No Fraud identified	125
Total cases concluded	180
<b>Ongoing Investigations</b>	<b>110*</b>

\*See Note 1 below

**Note 1:**

Of the 110 ongoing investigations; 42 of these cases (38%) are progressing towards Tenancy recovery. Following a referral, the status of the tenancy has been investigated and the case is either awaiting a Court Hearing, the Particulars of Claim are with Legal Services, an NTQ is awaiting expiry, a succession application has been refused and the tenant is awaiting an offer of smaller accommodation, or the rent account is showing an “Unauthorised Occupant” on the Housing database, awaiting eviction.

**Note 2:**

Twenty-two (22) of the properties recovered in the financial year have been assisted through a Tenancy Fraud project which involves officers from the Fraud Team accompanying warrant officers, where a court order has been granted to access properties, to ensure the safety of gas appliances.

**5.3 Prosecutions**

5.3.1 As at 31 March 2018 (Q4) two (2) Tenancy Fraud cases are in preparation for prosecution and one (1) further joint prosecution with a Registered Provider is under consideration.

**5.4 Gas safety – execution of warrant visits**

5.4.1 170 Gas Safety warrants have been executed in total in the financial year; where twenty-two (22) of the 55 properties recovered through Tenancy Fraud can be attributed in whole, or part to ongoing investigations by the Fraud Team.

5.4.2A further sixteen (16) properties are under continued investigation or monitoring for one of the following three reasons (i) a forced entry and awaiting collection of the keys by the displaced occupant (ii) the property is already under investigation and awaiting possession actions by either Tenancy Management or Legal Services) (iii) the property is already subject to an

'Unauthorised Occupant'. There may be some duplication with these cases and those that are recorded as being with Legal (Note 1 above).

5.4.3 Through these visits, the Fraud Team have come across cases of concern; where the living conditions and/or vulnerability of a tenant needs to be addressed by Tenancy Management or Social Services. These are reported to the appropriate Service. In 2017/18, instances began to arise of the Fraud Team attending properties for a second time, to execute a warrant, where cases of concern were still apparent from a previous visit.

## **5.5 Keys**

5.5.1 Following Gas Warrant interventions and particularly where there has been a forced entry, but keys have not been collected; the Fraud Team have begun working with:

- (i) Gathered evidence;
- (ii) Homes for Haringey (HfH) Tenancy Management data; and
- (iii) HfH Repairs Team records and matching with public information to establish genuine occupancy details. Where discrepancies are noted, tenancy fraud recovery action will be taken.

## **5.6 Regeneration**

5.6.1 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, and
- (ii) Leaseholders who are in negotiation to have their homes bought back.

5.6.2 To date the Fraud Team have prevented one fraudulent application to decant an individual to a larger property than needed and prevented one fraudulent application to have a home brought back as a resident, rather than a non-resident leaseholder.

## **5.7 No Recourse to Public Funds (NRPF)**

5.7.1 In November 2017, the NRPF team received a Final Report following an Internal Audit, where they received Limited Assurance. One of the recommendations was that the NRPF team work with the Fraud Team at initial interview, or screening stage of an application. It is expected that this will resume in 2018/19.

5.7.2 As at Quarter 4, eighty-one (81) referrals have been received and responded to by the Fraud Team through the financial year. It can be reported that in at least 35 instances (43%) the Fraud Team intervention has averted a fraudulent application and/ or either financial or accommodation support being given. The average cost of NRPF support per family (accommodation and subsistence for a 2 child household) is around £20,000 per annum.

- 5.7.3 It can be viewed that the interventions of the Fraud Team have therefore saved the Council £700,000 in support and accommodation costs, which may otherwise have been awarded where there was, in fact, no eligibility for assistance.
- 5.7.4 The project will be carried forward into the Fraud Work plan 2018/19, where advice, support and assistance to NRPF will continue and enhanced recording and monitoring of outcomes will be established.

## 6. Counter-fraud – value of outcomes achieved in 2017/18

- 6.1 In 2017/18, the target for counter-fraud work was to contribute a minimum of £10m worth of savings, or avoided expenditure, to assist the Council in improving its frontline services. The total cost of the counter-fraud team in 2017/18 was £685k.
- 6.2 The Cabinet Office (previously the Audit Commission) valued the recovery of a tenancy, which has previously been fraudulently occupied, at an annual value of £18,000, relating to average Temporary Accommodation (TA) costs. No new national performance indicators for tenancy fraud have been produced; therefore the £18,000 figure is still used, although this is considered low if the tenancy has been illegally sublet for several years.

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

Different values can be attributed to the recovery of a property where tenancy fraud has been identified. Across London different criterion are used. Haringey continue to base their tenancy fraud values on the former Audit Commission (now Cabinet Office) assessment of £18,000, being the estimated expenditure on Temporary Accommodation (TA) for one year, which would not have been necessary with the use and occupation of a legitimate secure tenancy.

The following values (savings) can therefore be attributed to the recovery, or cessation, of fraudulent tenancies in the financial year 2017/18.

Counter-Fraud Activity	Number	Unit value £000s	Total £000s
Recovery of Council Tenancy Sublet/ Succession	54	18	972
Recovery of TA	1	18	18
<b>Total</b>	<b>55</b>	<b>18</b>	<b>990</b>

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**Report for:** Corporate Committee – 24 July 2018

**Item number:** 9

**Title:** Draft Annual Governance Statement 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](mailto: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 To inform the Corporate Committee of the statutory requirements to produce an Annual Governance Statement (AGS) and provide a draft statement relating to the 2017/18 financial year for review and approval.

**2. Cabinet Member Introduction**

- 2.1 Not applicable.

**3. Recommendations**

- 3.1 The Corporate Committee review and approve the draft 2017/18 AGS.
- 3.2 That the Corporate Committee notes the approval timescale and processes for the draft 2017/18 AGS.

**4. Reasons for decision**

- 4.1 The Corporate Committee is responsible for approving the Council's draft AGS as part of its Terms of Reference. In order to facilitate this, and provide information on its sources of assurance from across the Council, reports have been provided on a regular basis for the Corporate Committee, culminating in the production of the draft AGS.

**5. Alternative options considered**

- 5.1 Not applicable.

**6. Background information**

- 6.1 The Council is required to produce an Annual Governance Statement (AGS) for publication with the Council's annual accounts. The AGS comments on the Council's governance framework as a whole. Corporate governance brings together an underlying set of legislative requirements, governance principles and management processes.
- 6.2 The preparation of an AGS is a statutory requirement of the Accounts and Audit Regulations 2015. These regulations require local authorities to produce an annual statement, in accordance with 'proper practice'.

- 6.3 In order to comply with the statutory reporting deadlines, the AGS for 2017/18 has to be approved by 31 July 2018. The Leader and Chief Executive will sign the statement assurance that responsibilities have been adopted at a corporate level and adequate processes exist and are effective before they sign the AGS.
- 6.4 Prior to its final approval, the Council needs to demonstrate that the AGS has been reviewed and agreed by relevant senior managers across the authority and an appropriate member body. The Statutory Officers' Group have reviewed a draft AGS and a copy of this is provided at Appendix A.
- 6.5 The AGS has been produced in line with the revised guidance issued in 2016 by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) in their report 'Delivering Good Governance in Local Government: Framework'. The guidance applies to governance statements produced from 2016/17 onwards.
- 6.6 The 2016 guidance covers broadly the same areas as the previous 2012 guidance by CIPFA and SOLACE, but now includes a new section: 'Implementing good practice in transparency, reporting and audit to deliver effective accountability'. This has been incorporated into the draft AGS as section G.
- 6.7 The revised guidance is recommended to be used as 'best practice' for developing and maintaining a locally adopted code of governance. The Council's existing and published Local Code of Corporate Governance will be revised to incorporate the updated guidance and submitted to the Corporate Committee for approval at a subsequent meeting in 2018/19.
- 6.8 It is acknowledged that the draft AGS is presented for review prior to the statutory external audit of the accounts. However, any significant governance or internal control issues which arise as a result of the final accounts audit can be included in the AGS and re-submitted for officer and member consideration and approval before the closure of the statutory audit period on 30 September 2018.

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

- 7.1 Corporate governance is an important element of the external assessment processes. The annual accounts, including the AGS, are subject to audit by the council's external auditors. While the whole of the financial statements may not be qualified, an incorrect or inaccurate AGS may be raised as a recommendation by the external auditors. Ensuring the adequacy and effectiveness of the Council's governance arrangements, which cover all Priority areas, will assist in improving services to residents and other stakeholders.

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

### **8.1 Finance and Procurement**

There are no direct financial implications arising from this report. The work

within service areas which supports and provides evidence for the AGS, is contained and managed within their revenue budgets. Service departments manage risks and governance arrangements as part of the routine work to achieve their business plans and costs are contained within their revenue budgets.

Internal audit undertake reviews of matters arising at the Statutory Officers Meeting and in consultation with the Priority Owners identified the significant governance issues. Additionally, the Head of Audit and Risk Management provides an annual report to support the assurance processes for the AGS. This work is part of the annual internal audit plan and costs are included within Audit and Risk Management's budget.

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

8.2 Legal

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

8.3 Equality

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

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

**9. Use of Appendices**

Appendix A – Draft Annual Governance Statement 2017/18

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

Not applicable.

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## Annual Governance Statement 2017/18

### 1. Scope of responsibility

- 1.1 Haringey is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Haringey also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, with regard to a combination of economy, efficiency and effectiveness.
  - 1.2 In discharging this, Haringey is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
  - 1.3 The authority has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. Haringey Council's local code of corporate governance is published on the Council's website and a copy can be obtained from the Council's Monitoring Officer. This statement explains the Council's commitments as part of the Local Code of Corporate Governance, together with how it gets assurance that these commitments are in place and effective; it also meets the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015, in relation to the publication of an Annual Governance Statement.
2. The purpose of the governance framework
    - 2.1 The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled. The framework also comprises the activities through which it accounts to, engages with and leads the community. Through the framework, the authority is able to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.
    - 2.2 The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives, but it can provide a reasonable assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of Haringey's policies, aims and objectives. The system of controls also allows for the evaluation of the likelihood of risks being realised and the impact should they be realised, ensuring that we are able to manage them efficiently, effectively and economically.
    - 2.3 The governance framework has been in place at Haringey for the year ended 31<sup>st</sup> March 2018 and up to the date of the approval of the annual report and accounts.

2.4 The following section highlights each of the seven governance principles set out in the CIPFA / SOLACE framework "Delivering Good Governance in Local Government" and the arrangements in place demonstrating how Haringey Council meets the governance principles. Any gaps identified as part of the annual review will form an action plan agreed and monitored by the Statutory Officers with all actions to be completed by March 2019.

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p><b>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b></p> <p><u>Behaving with Integrity</u></p> <p>a) The Council's Member Code of Conduct (July 2017) requires members to declare interests; applies to Members and co-opted voting members on election or appointment. Published on the internet: <a href="http://www.haringey.gov.uk/sites/haringeygovuk/files/lbh_constitution_part_5_section_a_-_part_1_0.pdf">http://www.haringey.gov.uk/sites/haringeygovuk/files/lbh_constitution_part_5_section_a_-_part_1_0.pdf</a></p> <p>b) Induction is provided for all new Members when they are elected on expected standards of behaviour.</p> <p>c) Officer Code of Conduct (February 2012). Published on the internal website. The Code requires officers to declare all potential conflicts of interests and is provided to all new employees. Regular reminders are issued via internal staff newsletters on expected standards of behaviour.</p> <p>d) Haringey Values updated in 2015 (Human, Ambitious, Accountable, and Professional). Published on the internal website and internet: <a href="http://www.haringey.gov.uk/local-democracy/our-standards">http://www.haringey.gov.uk/local-democracy/our-standards</a></p> <p>e) Decision-making practices for member decisions follow legal and transparency requirements. Officer decisions are also recorded and published on Modern.gov: <a href="http://www.minutes.haringey.gov.uk/mgDelegatedDecisions.aspx?DS=2&amp;bcr=1">http://www.minutes.haringey.gov.uk/mgDelegatedDecisions.aspx?DS=2&amp;bcr=1</a></p>	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>f) Register of interests and gifts and hospitality for members/co-optees checked on election/appointment. Minutes show declarations of interest sought and appropriate declarations made for each meeting. <a href="http://www.haringey.gov.uk/local-democracy/our-standards/register-members-interests">http://www.haringey.gov.uk/local-democracy/our-standards/register-members-interests</a></p> <p>g) Requirement for all new staff to complete Register of Interests declaration. Senior managers are required to complete a declaration every two years; staff should complete a new form as/when circumstances change. Gifts and hospitality for members are recorded with their declarations of interests and are published on the website: <a href="http://www.haringey.gov.uk/local-democracy/our-standards/register-members-interests">http://www.haringey.gov.uk/local-democracy/our-standards/register-members-interests</a> For officers, declaration forms are retained in Human Resources.</p> <p>h) Standard report format requires report authors to state how their proposal meets the corporate objectives and priorities. Report authors must also provide reasoning and evidence for proposals, so that the basis for decisions is clear and include statutory officer's advice, including legal and finance advice. Training for report authors on writing clear, logical and objective reports was provided for officers in 2016/17 and standard templates are held on the internal website.</p> <p>i) Anti-fraud and corruption strategy is in place, including the Whistle blowing policy (July 2015). The Head of Audit and Risk Management reports on actions, effectiveness and outcomes (and use of the whistle blowing policy) to Corporate Committee and provides awareness presentations to Corporate Management Group. Copies of the policies are on the internet: <a href="http://www.haringey.gov.uk/sites/haringeygovuk/files/anti-fraud_and_corruption_policy_july_2015_-_appendix_2_whistleblowing_policy.pdf">http://www.haringey.gov.uk/sites/haringeygovuk/files/anti-fraud_and_corruption_policy_july_2015_-_appendix_2_whistleblowing_policy.pdf</a> <a href="http://www.haringey.gov.uk/sites/haringeygovuk/files/anti-fraud_and_corruption_policy_july_2015.pdf">http://www.haringey.gov.uk/sites/haringeygovuk/files/anti-fraud_and_corruption_policy_july_2015.pdf</a></p> <p>k) Corporate and service specific complaints policies are in place and published on</p>	

Identified gaps in compliance, or further action required	Documentation demonstrating compliance with the governance principles
<p>1) Local Code of Corporate Governance to be finalised in 2018 to incorporate the best practice requirements in the 2016 'Delivering Good Governance' CIPFA/SOLACE publication. This work commenced in 2017/18 and will be completed in 2018.</p>	<p>the website. Level of complaints upheld at Stage 1 and 2 is monitored and reported regularly to the Council's Statutory Officers Group (latest report 19/09/17). Following the transfer of Feedback and Information Governance (FIG) Team to the Shared Service Centre (SSC) there has been an overhaul of reporting with an emphasis on learning from complaints. More information is being published and made easily accessible to customers – as part of this we are also conducting a review of the Publication Scheme. Training sessions have been developed looking at examples of best practice in responses and getting it right first time. <a href="http://www.haringey.gov.uk/contact/council-feedback/complaints-about-council">http://www.haringey.gov.uk/contact/council-feedback/complaints-about-council</a></p> <p>f) Local Code of Corporate Governance (2013) in place and is published on the website: <a href="http://www.haringey.gov.uk/local-democracy/our-standards">http://www.haringey.gov.uk/local-democracy/our-standards</a></p> <p><u>Demonstrating strong commitment to ethical values</u></p> <p>m) The Standards Committee, along with the Council's Monitoring Officer, establishes monitors and maintains the organisation's ethical standards and performance, reporting to full Council as necessary. The committee deals with allegations of breaches of the Member Code and issue (or require Groups to issue) reminders/advice notes to Members where issues of conduct cause concern. <a href="http://www.haringey.gov.uk/local-democracy/our-standards/standards-committee">http://www.haringey.gov.uk/local-democracy/our-standards/standards-committee</a></p> <p>n) The Council is incorporating the Social Value Act requirements into all procurement and contracts; including a standard clause referring to 'PREVENT' in all contracts, as well as safeguarding and health and safety. The Council has various human resources policies and procedures in place; a process to review these was agreed by Staffing and Remuneration Committee in 2016/17: <u>Agenda for Staffing and Remuneration Committee on Tuesday, 7th June, 2016, 7.00 pm   Haringey Council</u></p> <p>o) The Council encourages external providers of services to act with integrity and in</p>

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>compliance with high ethical standards expected by the organisation in information sharing:  <a href="http://www.haringey.gov.uk/community/community-safety-and-engagement/crime-and-disorder-information-sharing-protocol">http://www.haringey.gov.uk/community/community-safety-and-engagement/crime-and-disorder-information-sharing-protocol</a>  in procurement:  <a href="http://www.haringey.gov.uk/business/selling-council/council-contracts">http://www.haringey.gov.uk/business/selling-council/council-contracts</a></p> <p><u>Respecting the rule of law</u></p> <p>p) Statutory officers are appointed by full Council. Their discipline/dismissals are dealt with in line with legal requirements that take account of the need to fulfil their responsibilities in accordance with legislative and regulatory requirements.</p> <p>q) The Council optimises the powers available for the benefit of citizens, communities and other stakeholders. Decisions are taken, in accordance with relevant statutory requirements and the Council Constitution, by full Council, Cabinet, individual Cabinet members and officers under delegated powers. The Council Constitution is reviewed and updated regularly and published on the internet:  <a href="http://www.haringey.gov.uk/local-democracy/about-council/council-constitution">http://www.haringey.gov.uk/local-democracy/about-council/council-constitution</a></p> <p>r) Breaches of law/financial regulations can be the subject of a report to full Council by the relevant statutory officer. No statutory officer reports have been required in 2017/18.</p> <p>s) Statutory officers are available at meetings of the Council/Cabinet to advise and ensure law and regulations are not breached.</p> <p>B. Ensuring openness and comprehensive stakeholder engagement</p>	
<p><u>Openness/ Implementing good practice in transparency</u></p>	

<p>Documentation demonstrating compliance with the governance principles</p> <p>a) The Council Publication Scheme sets out information available to view or download including under the requirements of the Transparency Code 2015. <a href="http://www.haringey.gov.uk/local-democracy/publications/publication-scheme">http://www.haringey.gov.uk/local-democracy/publications/publication-scheme</a></p> <p>b) Member decisions are rarely taken in the private (Part 2) section of meetings. One decision has been taken in Part 2 in 2017/18, with 23 reports relating to procurement having part 2 appendices covering the commercially confidential information. Member delegated decisions are also taken at meetings advertised and open to the public. The constitution allows for deputations and petitions and a call in procedure for cabinet key decisions is in place. The local and statutory requirements are set out in the Council Constitution: <a href="http://www.haringey.gov.uk/local-democracy/about-council/council-constitution">http://www.haringey.gov.uk/local-democracy/about-council/council-constitution</a></p> <p>c) The Council carries out consultation on a regular basis with stakeholders. It has a consultation co-ordinator and a consultation charter and toolkit on its internal website. All consultations require a consultation plan, which is posted on the consultation e-plan on the internet. <a href="http://www.haringey.gov.uk/local-democracy/have-your-say-haringey">http://www.haringey.gov.uk/local-democracy/have-your-say-haringey</a>. <a href="http://www.haringey.gov.uk/local-democracy/have-your-say-haringey/our-commitments-you">http://www.haringey.gov.uk/local-democracy/have-your-say-haringey/our-commitments-you</a> <a href="http://www.haringey.gov.uk/local-democracy/policies-and-strategies/corporate-plan-2015-18/your-haringey-your-future">http://www.haringey.gov.uk/local-democracy/policies-and-strategies/corporate-plan-2015-18/your-haringey-your-future</a></p> <p>The Council publishes 'Performance Wheels' on Corporate Plan objectives and outcomes on the website; feedback on our performance is encouraged through this route: <a href="http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance">http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance</a></p> <p><u>Engaging comprehensively with institutional stakeholders</u></p> <p>d) A partnership with the community sector was approved in December 2015 designed to forge stronger relationships with the local voluntary sector, working with the Moracie Foundation to improve the strength of the voluntary sector.</p>	<p>Identified gaps in compliance, or further action required</p> <p>2) The Council is actively implementing the EU's General Data Protection Regulation (GDPR) for go live in May 2018; the implementation process has identified other areas within information governance that will require updating post the implementation date of May 2018.</p>
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Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>enabling it to attract more funding and investment to support local communities. Co-production is being widely used across the Council's Corporate Plan Priority 2 to redesign services and deliver outcomes; the processes encompass full engagement with stakeholders and service users.</p> <p>e) Formal and informal partnerships allow for resources to be used more efficiently and outcomes achieved more effectively; the Corporate Plan incorporates key partnership working across all its priorities, including the Local Safeguarding Children's Board (LSCB), Safeguarding Adults Board (SAB), Multi-Agency Risk Assessment Conference (MARAC) and the Community Safety Partnership (CSP). Agendas and minutes for the CSP are published on the website: <a href="http://www.minutes.haringey.gov.uk/leListMeetings.aspx?Cid=444&amp;Year=0">http://www.minutes.haringey.gov.uk/leListMeetings.aspx?Cid=444&amp;Year=0</a> Examples where the Council participates in partnership include the Joint Health &amp; Wellbeing Partnership with Islington; the shared information technology service with Camden and Islington; delivering the STEM commission recommendations; working with our schools to improve outcomes for children.</p> <p>f) Resident engagement also occurs in formal consultation and engagement processes; examples include between October and December 2017 on service priorities which was reported to the full Council and Cabinet: <a href="http://www.minutes.haringey.gov.uk/documents/s99920/MTFS%20cover%20report.pdf">http://www.minutes.haringey.gov.uk/documents/s99920/MTFS%20cover%20report.pdf</a></p> <p><u>Agenda for Cabinet on Tuesday 13th February 2018</u></p> <p>g) The Council also uses social and print media to engage with residents and stakeholders, including the Council website, My Account, Twitter, Facebook, Haringey People and the weekly Haringey People online. The Council also has specific partnerships and stakeholder newsletters including Team Noel Park; and Northumberland Park to engage with residents.</p>	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits; and</p> <p>D. Determining the actions necessary to optimise the achievement of the intended outcomes</p>	
<p><u>Defining actions/outcomes and sustainable economic, social and environmental benefits</u></p> <p>a) The Corporate Plan sets out how the Council might work with partners and with communities to improve the borough and make Haringey a more successful place, while delivering around £33 million savings by 2023. The plan has seven core priority areas, each under-pinned by a series of ambitious targets. It considers and balances the economic, social and environmental impact of policies, plans and decisions. The Plan includes a challenging set of performance measures. Programme planning and management require focus on outcomes and benefits identification and tracking as part of project implementation. There is a clear and consistent approach to the reporting of outcomes, benefits, risks and issues across Priority Boards. The Plan is published on the website: <a href="http://www.haringey.gov.uk/local-democracy/policies-and-strategies/corporate-plan-2015-18">http://www.haringey.gov.uk/local-democracy/policies-and-strategies/corporate-plan-2015-18</a></p> <p>b) The Council publishes updates on its website to show how the Council and partners are achieving against specific targets every three months. The outcome targets specify the intended impact on service users, residents and other stakeholders.</p> <p>b) The Council has an agreed Medium Term Financial Strategy (MTFS) and Workforce Plan. These set out how the Council will deliver the corporate plan taking into account the full cost of operations and within available resources, balancing</p>	<p>3) The Council identified a shortfall in delivering its proposed revenue savings of £9.6m in 2017/18, as reported to Cabinet in February 2018. The shortfall has been captured in the savings proposal for 2018/19.</p>



Identified gaps in compliance, or further action required	Documentation demonstrating compliance with the governance principles
	<p>service priorities, and ensure its workforce has the right skills to enable it to achieve the agreed outcomes. Quarterly reports are provided to the Cabinet:  <a href="http://www.minutes.haringey.gov.uk/mgAi.aspx?ID=40179#mgDocuments">http://www.minutes.haringey.gov.uk/mgAi.aspx?ID=40179#mgDocuments</a>  <u>Browse meetings - Cabinet   Haringey Council</u></p> <p>c) Robust planning and control cycles cover strategic and operational plans, priorities and targets. A new internal governance process was implemented in 2016/17 to provide regular monitoring and scrutiny of the achievement of the corporate plan and resources applied. For each priority, three new governance Boards were introduced: Finance Sub-groups and Operational Boards attended by senior officers and Strategic Boards attended by the relevant Cabinet Members. Performance against objectives is published on the website:  <a href="http://www.haringey.gov.uk/local--democracy/performance-and-finance/council-performance">http://www.haringey.gov.uk/local--democracy/performance-and-finance/council-performance</a></p> <p>d) A five year capital programme was approved by Full Council on 26 February 2018, which sets out the Council's longer term investment requirements linked to policy objectives :  <a href="http://www.minutes.haringey.gov.uk/documents/s99920/MTFS%20cover%20report.pdf">http://www.minutes.haringey.gov.uk/documents/s99920/MTFS%20cover%20report.pdf</a></p> <p><u>Determining actions and optimising achievement of intended outcomes</u></p> <p>e) The Council includes requirements to enhance social value in contracts. For example, construction projects over £1m in value must include an apprenticeship scheme, and where possible, employers are encouraged to pay the London Living Wage. High value procurements include a significant weighting in the 'social value' section and, where applicable, requirements as to the use of community assets.</p>

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p data-bbox="277 878 312 2042"><b>E. Developing the entity's capacity, including the capability of its leadership and the individuals within it</b></p> <p data-bbox="363 878 399 2042"><u>Developing the entity's capacity</u></p> <p data-bbox="434 878 533 2042">a) The Council's workforce plan runs from 2015-2018 and aims to ensure the Council has the right people in the right places with the appropriate skill to deliver the Council's priorities. The plan is published on the website: <a href="http://www.haringey.gov.uk/local-democracy/policies-and-strategies/corporate-plan-2015-18">http://www.haringey.gov.uk/local-democracy/policies-and-strategies/corporate-plan-2015-18</a></p> <p data-bbox="606 878 705 2042">Workforce expectations also form a clear part of contracting and commissioning processes, as our workforce is not limited to employed staff, including complying with minimum and London Living Wage requirements.</p> <p data-bbox="746 878 782 2042"><u>Developing the capability of the entity's leadership and other individuals</u></p> <p data-bbox="823 878 922 2042">b) The Council Constitution specifies the types of decisions that is delegated and those reserved for the collective decision making of the full Council or Cabinet. <a href="http://www.haringey.gov.uk/local-democracy/about-council/council-constitution">http://www.haringey.gov.uk/local-democracy/about-council/council-constitution</a></p> <p data-bbox="963 878 1133 2042">c) The Council's Constitution sets out the leader and chief executive roles to ensure the respective responsibilities are defined in accordance with decision-making accountabilities. These comply with relevant statutory requirements. It also includes the general scheme of delegation. Each service area also has a service area scheme of authorisation for officers, currently published on the intranet.</p> <p data-bbox="1174 878 1273 2042">d) Members who sit on the Corporate and Regulatory Committees are provided with training specific to their responsibilities for these committees. Training sessions during 2017/18 included planning, licensing, audit, finance, pensions and treasury.</p> <p data-bbox="1315 878 1375 2042">e) The Council provides a programme of training for all members, and members have access to the Council's corporate training and development programme, which is</p>	

Documentation demonstrating compliance with the governance principles published on the internal website.	Identified gaps in compliance, or further action required
<p>f) During 2016/17 the Council rolled out 'My Conversation', a new performance management process, to all staff, which focuses on personal and organisational development and performance; the Staffing and Remuneration Committee receives regular reports on people management issues in line with the Workforce Plan objectives. Guidance and templates for all staff are published on the internal website.</p> <p>g) The Council's Workforce Health and Wellbeing Strategy 2015-18 focuses on ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing. The Council's corporate Health, Safety and Wellbeing Board monitors all key aspects of statutory and local requirements and has an action plan in place to address any identified gaps in compliance. Health and Wellbeing Fairs have been run to promote employee health.</p> <p>h) The Council has protocols in place which govern how the operational and working relationships between officers and members are managed and forms part of the Constitution: <a href="http://www.haringey.gov.uk/local-democracy/about-council/council-constitution">http://www.haringey.gov.uk/local-democracy/about-council/council-constitution</a></p> <p>i) The Council reviews operations, performance and use of assets on a regular basis to ensure their continuing effectiveness; the Corporate Plan highlights key performance objectives, targets and outcomes, which are monitored and reported via the Council website. The performance reporting also compares current performance with statistical neighbours, London and England averages in most cases: <a href="http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance">http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance</a></p>	
<p><b>F. Managing risks and performance through robust internal control and strong public financial management; and</b></p>	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p><b>G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b></p> <p><u>Managing risk</u></p> <p>a) Haringey has a corporate Risk Management Policy and Strategy in place. It was updated to incorporate changes to the Council's structure and reporting arrangements and was presented at the Council's Corporate Committee meeting held 30<sup>th</sup> January 2018. Through a variety of processes and procedures, ensures that risk management is embedded across the organisation and its activities, including business planning and project management processes.</p> <p><u>Agenda for Corporate Committee on Tuesday, 30th January, 2018, 7.00 pm   Haringey Council</u></p> <p>b) The Council's key risks are managed via corporate risk and Priority Boards risk registers; each is regularly reviewed via strategic and operational board meetings. Responsibility for individual risks and issues identified is clearly set out in risk registers. Internal audit reviews of key risks are undertaken as part of the annual audit programme. Performance objectives and outcomes are reported on the website: <a href="http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance">http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance</a></p> <p>c) Haringey's business continuity planning is based on risk assessment and business impact analysis. Each service area produces a business continuity plan which is updated twice a year. Service continuity plans are incorporated into the Council-wide Business Continuity Plan. No significant business continuity issues were reported during the year. In 2017/18, the Council participated in Exercise Safer City 2018, a pan London test of how councils respond to a simulated threat.</p> <p><u>Managing performance</u></p>	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>d) The Council monitors service delivery effectively including planning, specification, execution and independent post implementation review which is set out in the Corporate Plan and outcome objectives: <a href="http://www.haringey.gov.uk/local-democracy/policies-and-strategies/corporate-plan-2015-18">http://www.haringey.gov.uk/local-democracy/policies-and-strategies/corporate-plan-2015-18</a></p> <p>e) Overview and Scrutiny takes a detailed look at the Council's decisions and policies and works to promote open decision making and democratic accountability in Haringey by holding the Cabinet to account; developing and reviewing policy in an inclusive cross-party manner that involves local communities and other interested parties, reviewing the performance of the Council and scrutinising local services not provided by the Council, such as health services. Overview and Scrutiny Committee also reviews the Performance Wheels on a quarterly basis and Individual Scrutiny Panels consider performance with reference to their reviews. The reports and recommendations are discussed and responded to by the Cabinet and published on the Council's website: <a href="http://www.minutes.haringey.gov.uk/leListMeetings.aspx?Cid=128&amp;Year=0">http://www.minutes.haringey.gov.uk/leListMeetings.aspx?Cid=128&amp;Year=0</a></p> <p><u>Strong public financial management and robust internal control</u></p> <p>f) The Medium Term Financial Strategy (MTFS) outlines the overall financial strategy for achieving the Council's priorities. The MTFS identifies a total of £33m of savings for delivery, plus a further £7.9m savings as yet to be identified, to deliver a balanced budget position each year between 2018 and 2023. The savings proposals were consulted on with residents, before being approved by Full Council in February 2018. Each Priority Board considers finance and budgets at every meeting, looking at both the budget and savings positions and tracking progress on both. Transformation and delivery of outcomes are strongly aligned to achieving savings and remaining within budget limits; the performance outcomes are reported on the website.</p>	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>g) The Council's financial management is based on a framework of regular management information and review to inform managers and members of the current budget position. Managers submit monthly budget forecasts and the Cabinet receives quarterly budget management information. The implementation of the new fortnightly Finance Sub-groups in 2016/17 has allowed for greater senior officer scrutiny of the budget forecasts at an early stage.</p> <p>h) The Council operates a 'zero tolerance' approach to fraud and corruption. The anti-fraud and corruption policy includes a fraud response plan, anti-bribery and money laundering policies and a whistle-blowing policy. The anti-fraud policy is published on the Council website and regular articles on how to report fraud are published in staff newsletters and Haringey People. In 2017/18, the Council investigated and recovered 55 illegally sublet properties; and prevented 83 potentially fraudulent Right to Buy applications in line with the anti-fraud policy. Referrals made using the whistle blowing policy were all reviewed, investigated and reported to the Corporate Committee, copies of the reports are on the website:  <u>Agenda for Corporate Committee on Tuesday, 29th November, 2016, 7.00 pm</u>  <u>Haringey Council</u>  <u>Agenda for Corporate Committee on Tuesday, 31st January, 2017, 7.00 pm</u>  <u>Haringey Council</u></p> <p>i) The Council's internal and external auditors produce annual audit reports and the Annual Audit Letter, which were both reported to the Corporate Committee. External audit reported that the council had provided a good set of financial statements and working papers for 2016/17. No significant governance issues were raised by either report; recommendations were made to address some identified control weaknesses.</p> <p>j) Regular internal and external audit reviews check compliance with financial and contract procedure rules across the Council and the outcomes of these are reported to the Corporate Committee on a quarterly basis. All high priority</p>	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>recommendations, excluding those covering schools audits, made by internal audit were found to be implemented when follow up audits were undertaken. The Corporate Committee fulfilled its terms of reference in relation to audit functions; and reported positive outcomes in relation to pro-active counter-fraud activities in 2016/17.</p> <p>k) The Council's internal control arrangements are subject to annual self assessment by the Head of Audit and Risk Management; any gaps in compliance with mandatory standards are included in the statutory annual Head of Audit report.</p> <p><u>Managing data</u></p> <p>l) The Council has policies dealing with various aspects of data management including security and data protection; Freedom of Information Act; information asset registers; and general records management. These and supporting guidance are all published on the Intranet. Data quality policy is published on the website: <a href="http://www.haringey.gov.uk/sites/haringeygovuk/files/data_quality_policy_2013.pdf">http://www.haringey.gov.uk/sites/haringeygovuk/files/data_quality_policy_2013.pdf</a></p> <p>m) The Statutory Officers Group in August 2016 agreed a new protocol for the development of and accountability for data sharing protocols with partners.</p> <p><u>Implementing good practices in reporting</u></p> <p>n) The Council produces an annual report to accompany its statement of accounts; for 2016/17, this received an unqualified opinion from the external auditor in 2017/18, who confirmed that the accounts provided a true and fair view of the Council's financial position; and the arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively. Under the Local Accountability Act, the Council is responsible for appointing its external auditors from 2018/19; approval for the preferred appointment process was obtained from Corporate Committee in November 2016 and Full Council in February 2017. The</p>	

Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
<p>Council chose to participate in a sector led procurement exercise using Public Sector Audit Appointments (PSAA) as the Appointing Person. <u>Agenda for Corporate Committee on Tuesday, 29th November, 2016, 7.00 pm   Haringey Council</u></p> <p><u>Agenda for Full Council on Monday, 27th February, 2017, 7.30 pm   Haringey Council</u></p> <p>o) The Council's Annual Governance Statement (AGS) is produced in accordance with required guidance and included in the statement of accounts; the AGS is reviewed by the Statutory Officers Group and Corporate Committee to ensure that any gaps in assurance or compliance issues are identified and addressed. Significant issues reported in 2016/17 are being addressed.</p> <p>p) As part of the Corporate Plan delivery arrangements, five Priority Boards are responsible for delivering the Corporate Plan with a responsible manager allocated as owner for each corporate priority. Outcomes and performance against all the priorities' objectives are published on the website: <a href="http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance">http://www.haringey.gov.uk/local-democracy/performance-and-finance/council-performance</a></p> <p><u>Assurance and effective accountability</u></p> <p>q) Internal and external audit provide assurance on the Council's system of Internal control to support the section 151 officer requirements, including reporting compliance with financial and contract procedure rules across the Council. The outcomes of internal audits are reported to the Corporate Committee on a quarterly basis. All outstanding recommendations are reported to Corporate Committee; a focus is maintained on ensuring all high priority recommendations are implemented. None remained outstanding in 2017/18.</p> <p>r) The Head of Audit and Risk Management and the Internal audit service fully</p>	



Documentation demonstrating compliance with the governance principles	Identified gaps in compliance, or further action required
Documentation demonstrating compliance with the governance principles complied with the requirements of the mandatory UK Public Sector Internal Audit Standards, as evidenced by peer review and self-assessment. Access to officers, members and information is provided by the Constitution.	

4. Significant governance issues  
 4.1 Following its review of governance in 2016/17, the Council identified some key areas where work would be undertaken in 2017/18 to ensure governance arrangements were in place and effective. An action plan was drawn up and progress as at 31 March 2018 on this is set out below.

Issue	Agreed Action/ Deadline (as at 30 June 2017)	Progress update (as at March 2018)
Delivery of the MTFs savings targets – significant budget overspends in 2016/17.	Ensure the demand-led budgets within Children's and Adult Social Services and Temporary Accommodation are managed effectively in 2017/18 to deliver a balanced budget. Where MTFs savings targets cannot be met, the services will need to identify alternative savings plans to deliver a balanced budget. Regular reports on progress will be made to Cabinet. March 2018	Complete.
Recommendations were made by external audit to address some identified control weaknesses.	An action plan is in place to address the recommendations. Reports on progress will be made to Corporate Committee during 2017/18. March 2018	Complete.
Schools performance; significant deterioration in audit assurance outcomes and financial balances.	The Council's Senior Leadership Team, in conjunction with the Schools Forum, is developing an action plan to address financial and control weaknesses. Audit follow-ups and action plans will be reported to the Schools Forum and Corporate Committee. March 2018	In Progress and updated for action in 2018/19.
Preparing for the new EU General Data Protection Regulations in 2018.	An action plan is in place, which includes other key information governance requirements including Freedom of Information/Environmental Information Regulations; Transparency Code; and data sharing requirements. March 2018	In Progress and updated for action in 2018/19.

Issue	Agreed Action/ Deadline (as at 30 June 2017)	Progress update (as at March 2018)
<p>Updating the Local Code of Corporate Governance to reflect the new CIPFA/SOLACE guidance.</p>	<p>Revise the Council's Local Code of Corporate Governance: ensure that it reflects the new Priority Boards' governance structures and the 2016 guidance. March 2018</p>	<p>In Progress and updated for action in 2018/19.</p>
<p>The Council's Accounts Payable Manager identified that corporate payment control processes had broken down within Parks and Leisure Services.</p>	<p>A reconciliation of expenditure was undertaken to ensure that payments to authorised suppliers in Parks and Leisure Services had been made in accordance with agreed processes. New corporate processes were implemented in 2016/17; Internal Audit will review the new control processes to confirm they are operating effectively in 2017/18. March 2018.</p>	<p>Complete.</p>

4.2 The Council has identified the following significant governance issues during 2017/18. It is proposed over the coming year to take steps to address the governance issues in these areas and these are set out in the action plan below. The action plan will be monitored during the year to ensure all issues are appropriately addressed.

Issue	Action	Responsibility	Due date
Delivery of MTFS Savings	The Council has developed a savings programme to respond to the reduction in funding. During 2017/18, £9.6 million of savings were carried forward into 2018/19 that will form part of the £16 million to be delivered in 2018/19. Notwithstanding all of the Council's delivery and monitoring arrangements, the Quarter 3 Monitoring report to Council and the MTFS report to Full Council both recognised that there would be a significant underachievement of the 2017/18 planned savings ( an estimated shortfall of £9.6m against a £20.7m target. These reports described how this position would be funded for 2017/18 and their being carried forward into the 2018/19 budget.	Director of Finance / Interim Chief Finance Officer (S151 Officer)	31 March 2019
Schools performance; significant deterioration in audit assurance outcomes and financial balances.	During the financial year 2017/18, there has been an improvement in the assurances assigned by internal audit as part of the schools' audit programme. This area will continue to be monitored to ensure the positive trend continues.	Director of Children's Services	31 December 2018
Examine the safety of two social housing buildings at Broadwater Farm.	Two residential tower blocks on Broadwater Farm (Northolt and Tangmere) did not pass structural survey tests. Work is underway to assess the issues highlighted by independent specialists and consider next steps.	Director of Housing, Regeneration and Planning	30 September 2018
Ensuring compliance with the EU's General Data Protection Regulations in May 2018.	The Council is actively implementing the EU's General Data Protection Regulation (GDPR) for go live in May 2018; the implementation process has identified other areas within information governance that will require updating post the implementation date of May 2018.	Director for Customers, Transformation and Resources	31 December 2018

Issue	Action	Responsibility	Due date
Enhance arrangements for the provision of IT infrastructure in conjunction with LBs of Camden and Islington.	The Council has entered into a partnership with Camden and Islington for shared digital and IT services. It is envisaged the three councils working together will enhance the service for residents and save costs. Current arrangements need to be enhanced to ensure the benefits outlined in the business case are delivered.	Director for Customers, Transformation and Resources	31 December 2018
Improve management and care of residents of Osborne Grove Nursing Home.	Following an internal audit of the Nursing Care Home, the regularity audit of the establishment was assigned "Nil" assurance indicating significant weaknesses in the governance arrangements. Further, a review by Care Quality Commission (CQC) raised concerns over social care practice at the establishment. Steps have been taken to safeguard the welfare of the residents and further consideration is now being given to determine the future of the residential unit and all internal audit recommendations have been implemented.	Director Adults and Health	31 December 2018
Improvements within Children's Services following a joint targeted area inspection of the multi-agency response to abuse and neglect of children.	In December 2017, Ofsted, the Care Quality Commission, HMI Constabulary and Fire & Rescue Services and HMI Probation undertook a joint inspection of the multi-agency response to abuse and neglect of children. The review identified areas of good practice but also highlighted areas for improvement. The Director of Children's Services will respond setting out a proposed course of action in relation to the findings outlined in the report.	Director of Children's Services	31 December 2018
Updating the Local Code of Corporate Governance to reflect the new CIPFA/SOLACE guidance.	The Council's Local Code of Corporate Governance is being updated to ensure that it reflects the new Priority Boards' governance structures and the 2016 guidance. The document, once updated will be formally ratified and published on the Intranet.	Assistant Director Corporate Governance	30 September 2018

## 5. Review of effectiveness

5.1 Haringey Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the statements of assurance and annual governance self-assessments by each director and assistant director, who have responsibility for the development and maintenance of the governance environment; the Head of Audit and Risk Management's annual report, and also by comments made by the Council's external auditors and other review agencies and inspectorates.

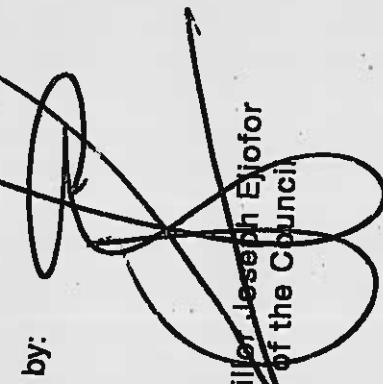
5.2 The Director of Finance holds the Council's statutory section 151 Officer role; the Assistant Director of Corporate Governance (the Council's Monitoring Officer); and the Head of Audit and Risk Management have also reviewed the work done by the Council relating to governance issues in 2017/18. Their comments on the key governance issues are as follows:

- Director of Finance: The Council identified in Quarter 3 of this year how it would address the 2017/18 forecast service overspend (lower than previous years) and maintain its General Fund Balance. The outcome position has confirmed this, along with some strengthening of the Balance Sheet to manage key financial risks. The "structural" funding difficulty of the Council remains however, with the Medium Term Financial Strategy refresh being a key process for the Council, along with the delivery of its savings plans.
- Assistant Director of Corporate Governance: No significant governance issues were identified during the year in relation to Monitoring Officer functions.
- Head of Audit and Risk Management: The work of the internal audit team provided satisfactory levels of assurances in the majority of council business but also identified weaknesses in some areas. In particular, the review of Osbourne House raised concerns over the governance, risk management and internal controls operating at the establishment and I am pleased to note the prompt action of management to make improvements. The audit of schools raised significant concerns last year and internal audit continues to monitor in implementing improvements. There is evidence to suggest improvements are underway and internal audit continues to monitor progress. A number of reviews highlighted the need for strategies, policies and procedures to be updated and the need for enforcing compliance with agreed practice. A report highlighting the work of internal audit and all its findings and conclusions will be presented to the Corporate Committee on 24 July 2018. A high-level summary of the report is provided below.

5.3 The Head of Audit and Risk Management has also provided an Annual Audit Report and opinion for 2017/18. The report concluded that in most areas across the Council, with the exception of those areas receiving 'limited' or 'Nil' assurance, there are sound internal financial control systems and corporate governance arrangements in place, and that risk management arrangements are satisfactory.

- 5.4 Priority Owners have completed a statement of assurance covering 2017/18 which is informed by work carried out by Directors; Assistant Directors; heads of service and managers; internal audit; any external assessments; and risk management processes. The statements are used to provide assurance that any significant control issues that have been brought to their attention have been dealt with appropriately. No significant governance issues, apart from those identified at paragraph 4.2 were recorded.
- 5.5 The Chartered Institute of Public Finance and Accountancy (CIPFA) statements on the role of the Chief Financial Officer (CFO) and the role of the Head of Internal Audit (HoA) in public service organisations have both been incorporated into the Council's overall governance arrangements. During 2017/18, the Council can confirm that both the CFO and HoA fulfilled all the requirements set out within the CIPFA statements, and assurance on this was obtained via internal and external audit reviews. No gaps in compliance were identified for either role.
- 5.6 The Leader of the Council and the Chief Executive have been advised of the implications of the review of the effectiveness of the governance framework by the Corporate Committee, and a plan to implement enhancements and ensure continuous improvement of the system is in place.
- 5.7 The evidence provided concerning the production of the Annual Governance Statement has been considered by the Chief Executive and officers at the Statutory Officers' Group meetings on 1 May 2018; and will be considered by the Council's Corporate Committee on 24 July 2017. The Statutory Officers concluded that the Council has satisfactory governance systems in place and satisfactory plans to address the identified issues to ensure improvement; these arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The Chief Executive and the Statutory Officers' Group are committed to implementing the action plan, strengthening and improving controls and keeping the effectiveness of the Council's corporate governance arrangements under review during the year.

Signed by:



2018

Councillor Joseph Ejor  
Leader of the Council

Zina Etheridge  
Chief Executive

Date:

31-5-18

4-06-18





**Report for:** Corporate Committee – 24 July 2018

**Item number:** 10

**Title:** Counter Fraud Update Report 2017/18 – Quarter 4

**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](mailto: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 in the quarter ending 31 March 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 to 31 March 2018.

**4. Reasons for decision**

4.1 The Corporate Committee is responsible for overseeing the Council's counter fraud strategy, and the work of the Counter Fraud team. This progress report provides, on a quarterly basis, an update on the responsive and pro-active fraud investigation work of the team.

**5. Alternative options considered**

5.1 Not applicable.

**6. Background information**

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

**7. Contribution to strategic outcomes**

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

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

8.1 Finance and Procurement

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

8.2 Legal

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

8.3 Equality

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

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

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

**9. Use of Appendices**

Appendix A – 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	Q4	YTD		Target
1	Tenancy fraud – properties recovered secure tenancies	16	54	55	50
	Tenancy fraud – properties	1	1		

	recovered TA				
2	Right to Buy – fraudulent applications prevented	29	83		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 4 investigations

Within Quarter 4, five new cases relating to permanent and temporary employees were referred to the Fraud Team.

- . Three cases were completed during the quarter with no evidence to support the allegations in two of the instances. In the third case (Homes for Haringey), there was evidence of irregularities, and the matter was referred to management for consideration of next steps.
- . Two of the cases remain under investigation.
- . A total of five cases, including those carried forward from previous quarters, remain in progress at the end of Q4 and will be carried forward to Q1 2018/19.

There have been 18 Disciplinary Hearing outcomes reported to Corporate Committee in the financial year to date. 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.

#### 2017/18 – Referrals received

Brought forward from 2016/17	93
Referrals received in 2017/18	197
<b>Total referrals received for investigation</b>	<b>290</b>

#### 2017/18 Outcomes

<b>Properties Recovered</b>	<b>55</b>	
No Fraud identified	125	
Total cases concluded		180
<b>Ongoing Investigations</b>		<b>*110</b>

\*See Note 1 below

**Note 1:** Of the 110 ongoing investigations; 42 of these cases (38%) are where tenancy fraud has been identified and court proceedings were in progress as at 31 March 2018. The property will be included in the 'recovered' data when the keys are returned and the property vacated.

The Fraud Team liaise with Legal Services on individual cases to ensure these are progressed as quickly as possible within the statutory timescales. For the ongoing investigations where tenancy recovery is in progress, the status of the

tenancy has been investigated and the case is either: awaiting a Court Hearing; the Particulars of Claim are with Legal Services; an NTQ is awaiting expiry; a succession application has been refused and the tenant is awaiting an offer of smaller accommodation; or the rent account is showing an 'Unauthorised Account' on the Housing database.

The Fraud Team works with Homes for Haringey (HfH) to target and investigate housing and tenancy fraud, which forms part of HfH's responsibilities in the Management Agreement. HfH have confirmed that they will continue to provide 1 FTE officer to work with the Fraud Team on a long term basis to assist with the tenancy fraud work.

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 2017/18, 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.

Further to the outcomes reported to Corporate Committee at Q3 (December 2017), the Fraud Team have assisted with 56 Gas Safety warrants of execution in Q4 (170 in the financial year). In the financial year, twenty-two (22) of the 54 secure properties recovered through Tenancy Fraud can be attributed in whole or part to ongoing investigations by the Fraud Team. A further sixteen (16) properties are under continued investigation and the outcomes will be reported as properties are recovered.

### 12.3.2 Keys

Following Gas Warrant interventions and particularly where there has been a forced entry, but keys have not been collected; the Fraud Team have begun 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. Where discrepancies are noted, tenancy fraud recovery action will be taken.

### 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, and

(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 prevented **one** fraudulent application to have a home brought back as a resident, rather than a non-resident leaseholder.

### 12.3.4 No Recourse to Public Funds (NRPF)

In November 2017, the NRPF team received a Final Report following an Internal Audit, where they received Limited Assurance. One of the recommendations was that the NRPF team work with the Fraud Team at initial interview, or screening stage of an application. It is expected that this will resume in 2018/19.

As at Q4, eighty-one (81) referrals had been received and responded to by the Fraud Team through the financial year. It can be reported that in at least 35 instances (43%) the Fraud Team intervention has averted a fraudulent application and/ or either financial or accommodation support being given.

The average cost of NRPF support per family (accommodation and subsistence for a 2 child household) is around £20,000 pa; the interventions of the Fraud Team has therefore saved the Council £700,000 in support and accommodation costs, which may otherwise have been awarded where there was, in fact, no eligibility for assistance.

The project will be carried forward into the Fraud Workplan 2018/19, where advice, support and assistance to NRPF will continue and enhanced recording and monitoring of outcomes will be established.

### **12.3.5 Tenancy Fraud Mapping**

In the financial year 2017/18, the properties recovered have been mapped across the Borough by (i) postcode and (ii) bedroom size. The results are tabled below:

#### **(i) by Postcode**

Postcode	Area	No. Recovered
N17	Tottenham	28
N22	Wood Green	13
N15	Haringey	6
N6	Highgate	3
N8	Hornsey / Crouch End	3
N4	Stoud Green	1
N11	Bounds Green	1
<b>Total</b>		<b>55</b>

#### **(ii) by Bedroom size**

b/room size	Property type			
	Flat	Mais	House	Total
1	19	2	-	21
2	4	1	8	13
3	1	3	13	17
4	-	-	4	4
<b>Total</b>	<b>24</b>	<b>6</b>	<b>25</b>	<b>55</b>

### **12.4 Right-to-buy (RTB) applications**

The team currently has approximately 293 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. In the year to date, the numbers of tenants applying to purchase their properties under the Right to Buy legislation has reduced as valuations continue to rise.

In 2017/18, 81 applications (29 in quarter 4) have been 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 2017/18**

**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 2017/18 to date, 55 council stock properties have been recovered through the actions and investigations of the Fraud Team; therefore **a total value of £990k** can be attributed to the recovery, or cessation, of fraudulent council and temporary accommodation tenancies.

**Right to Buy Fraud:** Overall, the 81 RTB applications withdrawn or refused represent **over £8.4m** 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 01/04/17- 31/03/18 (Q4) includes c/f from 2016/17

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 31/03/2018	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
Homes for Haringey	Fraudulent Housing App	1	0	0	employee re-instated	
Commercial & Operations	Misuse of blue badge	1	1	1	Dismissed	
Deputy Chief Exec	Tenancy Fraud	1	0	0	None Service Manager action	
Deputy Chief Exec	Bringing the Council into disrepute	1	0	0	None Service Manager action	
Commercial & Operations	Bribery	1	0	0	None Service Manager action	
Commercial & Operations	Misuse / abuse of position	1	1	1	Final written warning	
Deputy Chief Exec	Working outside of remit	1	1	1	Dismissed	
Commercial & Operations	Misuse of position	1	1	1	Resigned	
Commercial & Operations	No right to work in UK	1	1	1	Resigned	
Deputy Chief Exec	Abuse of position	1	1	1	Resigned	
Commercial & Operations	Fraudulent sick note	1	1	1	Dismissed	
Deputy Chief Exec	Non declaration of 2 <sup>nd</sup> job	1	0	0	None Service Manager action	
Deputy Chief Exec	Misuse of position and IT	1	0	0	None Service Manager action	
Regen, Planning & Development	Abuse of position- bribery	1	0	0	None Service Manager action	
Commercial &	Dishonesty and misuse	1	0	0	None	

## APPENDIX A

IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED **01/04/17- 31/03/18** (Q4) includes c/f from 2016/17

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 31/03/2018	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
<b>Operations</b>	of IT				Service Manager action	
<b>Homes for Haringey</b>	Key Selling	1	0	0	None Service Manager action	
<b>Homes for Haringey</b>	Fraudulent sickness / misuse of IT	1	0	0	Resigned / Dismissed	
<b>Homes for Haringey</b>	Fraudulent sickness / misuse of IT	1	0	0	employee re-instated	
<b>TOTAL</b>		<b>18</b>	<b>7</b>	<b>7</b>		

CF Update Report (internal) Q4 2017-18 - Appendix A (no initials)

**Report for:** Corporate Committee – 24 July 2018

**Item number:** 11

**Title:** Anti Fraud and Corruption Strategy

**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](mailto: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 As part of the 2017 UK Public Sector Internal Audit Standards (PSIAS), Haringey Council needs to ensure that there are appropriate processes in place for the reporting and investigation of allegations of fraud and corruption.
- 1.2 The Corporate Committee is responsible for Anti-fraud and Corruption arrangements as part of its Terms of Reference. In order to provide assurance that the corporate policy is consistent with relevant regulations and other best practice requirements, it is reviewed on a regular basis.

**2. Cabinet Member Introduction**

- 2.1 Not applicable.

**3. Recommendations**

- 3.1 That the Corporate Committee reviews and endorses 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.

**4. Reasons for decision**

- 4.1 The Corporate Committee is responsible for approving the Council's Anti Fraud and Corruption Strategy under its Terms of Reference.

**5. Alternative options considered**

- 5.1 Not applicable.

**6. Background information**

- 6.1 Haringey Council seeks to maintain high standards of probity and has put in place arrangements for protecting the public purse. Sound systems to demonstrate public accountability are also vital for effective management of services and in maintaining public confidence; the minimisation of losses from fraud and corruption is essential for ensuring resources are used for their intended purpose.
- 6.2 To investigate frauds and corruption the Council has a dedicated Corporate Anti-Fraud Team comprising the Fraud Manager and seven investigators who undertake pro-active and reactive work across all areas of the Council's activities. Generally, local authorities have invested in London in particular, have invested in anti fraud work consistently over many years following guidance and advice from regulatory bodies including the former Audit Commission, CIPFA, the Cabinet Office and by the National Fraud Authority in their 'Fighting Fraud Locally' publications.
- 6.3 The Council's Anti-fraud and Corruption Strategy gives guidance to relevant individuals, employees, Councillors, members of the public and organisations working in partnership with the Council, on the Council's stance on Fraud and Corruption and the steps people should take if they suspect fraud and corruption. The strategy also sets out how the Council will deal with any allegations.
- 6.4 Essentially, the strategy states the Council has a zero tolerance to fraud and corruption and the Council will use the full range of sanctions to act against individuals or organisations found to be committing fraud against the Council.
- 6.5 The Council's Anti-fraud and Corruption Strategy and the related appendices are published on the Haringey website and intranet site. In addition, all policies are published separately to enable anyone searching for the individual policy to locate these easily. The website pages also provide details of how to report suspected cases of fraud and corruption.
- 6.6 The Assistant Director of Corporate Governance is the responsible officer for maintaining the Anti-fraud and Corruption Policy, together with all related policies: Whistleblowing, Sanctions, Anti-Money Laundering and Anti-bribery. The Assistant Director of Corporate Governance and Head of Audit and Risk Management review all anti-fraud and corruption policies to ensure they reflect current legislation and recommended best practice.
- 6.7 The review of the Whistleblowing policy is undertaken in consultation with the Assistant Director for Human Resources to ensure all relevant employment issues are incorporated into any changes to the policy.
- 6.8 The Council's Anti-fraud and Corruption Strategy follows the Chartered Institute of Public Finance and Accountancy's (CIPFA) guidance and best practice recommendations. The Council's Whistle-blowing policy conforms to the best

practice guidance issued by Public Concern at Work, the independent charitable organisation which advises on whistle-blowing and governance matters.

**7. Contribution to strategic outcomes**

7.1 The Council has an important role to demonstrate stewardship of the public purse. The management of fraud risks is an important part of the Council's work to enable the Council to utilise its resources to achieve its corporate aims.

**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 strategies will be implemented within existing agreed budgets.

8.2 Legal

The Assistant Director, Corporate Governance has been consulted in the preparation of this report, and in noting that the policies, plan and strategy follow legislative requirements / industry guidance and best practice, has no comments.

8.3 Equality

There are no direct equality implications for the Council's existing policies, priorities and strategies as a result of this report. However, ensuring that the Council has effective anti fraud and corruption arrangements in place and taking appropriate action to improve these where required will assist the Council to use its available resources more effectively.

**9. Use of Appendices**

- Appendix 1 – Fraud Response Plan
- Appendix 2 – Whistleblow Policy
- Appendix 3 – Sactions Policy
- Appendix 4 – Anti Money Laundering Policy
- Appendix 5 – Anti Bribery Policy

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

Not applicable.

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# **HARINGEY COUNCIL**

## **ANTI-FRAUD AND CORRUPTION POLICY AND STRATEGY**

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<b>Policy History</b>					
<b>Version</b>	<b>Summary of Change</b>	<b>Contact</b>	<b>Implementation Date</b>	<b>Review Date</b>	<b>EqIA Date</b>
8.1	Added Standards in Public Life (Nolan Principles) at para 3.2	Head of Audit & Risk Management	July 2018	June 2018	June 2014

<b>Links and Dependencies</b>
Employee Code of Conduct Disciplinary Procedures Council Constitution Whistleblowing Policy Sanctions Policy Anti-money Laundering Policy Anti-bribery Policy

<b>Related Forms</b>
Declaration of Interests Form Declaration of Receipt of Gift or Hospitality



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<b>Section</b>	<b>Page</b>
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Appendix 1 – Fraud Response Plan	
Appendix 2 – Whistleblowing Policy	
Appendix 3 – Sanctions Policy	
Appendix 4 – Anti-money Laundering Policy	
Appendix 5 – Anti-bribery Policy	

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## **Anti-fraud Policy Statement**

- 1.1 We (Haringey Council) operate a 'zero tolerance' approach towards fraud and corruption and we will use the full range of sanctions available against any individual or organisation found to be committing fraud. Every pound taken by theft or fraud reduces our ability to provide services to the people who need them the most.
- 1.2 We want to protect against, detect and respond to fraud and corruption in order to protect the interests of our clients, partners, employees and other stakeholders while retaining a high ethical standing within the community.
- 1.3 This policy applies to all parts of the Council and to all our employees, temporary and agency staff, volunteers, contractors and consultants in relation to their work with/for us. We rely on the support of staff, businesses and the community to deliver the services we provide to people in need. Loss of confidence in the Council as a result of fraud or corruption could have an adverse impact on our funding and investment in the area, leading to a more severe impact on the services we deliver than the initial theft.
- 1.4 We expect all our Councillors, employees, agency and temporary staff, consultants, contractors, partner organisations and service users, to be honest, and to give us any help, information and support we need to deal with fraud and corruption. In return, we will:
  - Take appropriate measures to prevent and deter fraud;
  - Introduce and maintain procedures to detect fraud;
  - Encourage employees to report any suspicions of fraud;
  - Provide resources to train our staff about fraud risk and investigate fraud;
  - Take appropriate disciplinary, civil or criminal proceedings; and
  - Report suspected fraud to the police and all relevant organisations.
- 1.5 It is in everyone's interests to prevent fraud and corruption from happening. Report any suspected incident immediately to your manager and to the Head of Audit & Risk Management (unless you suspect your manager may be involved). This strategy and response plan sets out what we mean by fraud; how we tackle fraud; what you should do if you suspect fraud; and how we will respond.

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 <p><b>SPEAK OUT ABOUT FRAUD</b></p>	<p><b>If you have any concerns about fraud, we want to know:</b></p> <p> <b>Call in confidence: 0330 808 4269</b></p> <p> <b>Email: <a href="mailto:fraudcall@Haringey.gov.uk">fraudcall@Haringey.gov.uk</a></b></p> <p> <b>Write to: Fraud Team, PO Box 22727, London, N22 7WS</b></p>
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## Anti-fraud and Corruption Strategy

### 2. Definition of Fraud and Corruption

2.1 The **Fraud Act 2006** introduced the first legal definitions of fraud, which is used for the criminal prosecution of fraud offences. **Fraud** is defined a wrongful act or criminal deception intended to result in financial or personal gain. **Corruption** is defined as the offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person.

2.2 The following are some examples of fraud or corruption, which you may come across:

- Providing false identity or right to remain/work documents, references, or any other information when applying for a job;
- Making false claims for expenses, overtime, flexitime, or any other allowance;
- Not declaring a conflict of interest e.g. owning properties which are leased to the Council, or receiving benefits from the Council; you or your family owning companies which we do business with; or working for organisations which receive grant funding from the Council;
- Allocating housing, or any other benefits, to people who are not entitled to them;
- Misusing Blue Badges, residential, business or any other parking permits;
- Fraudulently claiming any benefits we the DWP or HMRC provide, including housing benefits, working/child tax credits, disability benefits, and council tax benefits;
- Fraudulently making, or exaggerating, an insurance claim against the Council;
- Using our vehicles, IT equipment, offices/buildings, stocks, materials, or any other resources for personal use, or to run a private business;
- Stealing money, materials or other resources from the us, our partners, or our clients;
- Raising orders, or submitting invoices for payment when the work hasn't been done;
- Working for another organisation, running a business, or being self-employed during contracted hours, including working whilst off sick;
- Accepting gifts or hospitality from contractors, or organisations who are bidding for work, or who we have contracts with, or who receive grants from us.

2.3 The above list can't cover every example of fraud or corruption. If you have any questions, please contact the Head of Audit & Risk Management for further advice.

### 3. Responsibilities

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3.1 We expect all individuals, groups and organisations that receive services from, or provide services on behalf of the Council to be honest in their dealings with us and our clients and customers. Councillors and managers are expected to lead by example in regard to observing the Principles of Standards in Public Life, as set out by the Nolan Committee. These are shown below:

**Selflessness-** Holders of public office take decisions in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family or their friends.

**Integrity-** Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in their performance of their official duties.

**Objectivity-** In carrying out public business, including making public appointments, awarding contracts or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

**Accountability-** Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

**Openness-** Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

**Honesty-** Holders of public office have a duty to declare any private interests relating to their public duties to take steps to resolve any conflicts arising in a way that protects the public interest.

**Leadership-** Holders of public office should promote and support these principles by leadership and example

3.2 We expect our Councillors and employees, including any temporary, agency and consultancy resources, to lead by example in preventing, deterring and advising of suspected fraud and corruption and these responsibilities are summarised below:

Individual/Group	Role/Responsibility
Corporate Committee	<ul style="list-style-type: none"> <li>• Approving and monitoring corporate counter-fraud policies.</li> <li>• Reviewing reports relating to fraud risks and investigations from internal and external auditors.</li> </ul>

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Individual/Group	Role/Responsibility
Strategic Leadership Team (SLT)/ Statutory Officers Group (SOG)	<ul style="list-style-type: none"> <li>• Overseeing the council's approach to counter-fraud activity, setting the tone to embed a culture of high standards.</li> <li>• Ensuring a consistent approach to identifying and managing fraud risk is adopted by all service areas.</li> <li>• Reviewing reports to ensure that risks relating to fraud are being managed appropriately.</li> </ul>
Directors/ Assistant Directors/ Programme Managers/ Heads of Service	<ul style="list-style-type: none"> <li>• Introducing and maintaining effective controls to prevent fraud or corruption from happening in their service area, or corporate programme.</li> <li>• Ensuring that a fraud or corruption risk assessment has been conducted for their service area/ corporate programme.</li> <li>• Notifying all suspected fraud or corruption incidents within their service area/ programme to the Head of Audit &amp; Risk Management.</li> <li>• Approving follow up action to be taken in response to actual incidents of fraud or corruption.</li> </ul>
Audit & Risk Management	<ul style="list-style-type: none"> <li>• Undertaking regular assessments of fraud risks and the resources and skills available to tackle fraud.</li> <li>• Consulting with Directors/Assistant Directors about the best course of action when suspected fraud or corruption incidents are raised.</li> <li>• Allocating an investigator, consulting with appropriate senior managers and HR personnel at agreed stages during any investigation into fraud or corruption, and completing the investigation within agreed timescales.</li> <li>• Notifying the police, and other organisations, when a criminal prosecution is required.</li> <li>• Facilitating fraud and corruption awareness training.</li> <li>• Providing regular reports to SLT/SOG and Corporate Committee on fraud risks and pro-active and responsive investigations.</li> <li>• Providing advice and guidance on internal controls to prevent fraud or corruption.</li> <li>• Undertaking pro-active projects to identify possible fraud or corruption.</li> </ul>
Employees and Members	<ul style="list-style-type: none"> <li>• Complying with the Council's Codes of Conduct and Constitution.</li> <li>• Informing their manager, or Assistant Director and Head of Audit &amp; Risk Management of any suspected fraud or corruption incidents.</li> </ul>

#### 4. Our approach to preventing, detecting and investigating fraud and corruption

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We have aligned our fraud prevention and detection approach to the government's recommended 'acknowledge, prevent, pursue' strategy in their [Fighting Fraud Locally](#) publications and the Chartered Institute of Public Finance and Accountancy's 2014 'Managing the Risk of Fraud and Corruption' Code of Practice.

#### **4.1 Preventing fraud and corruption**

We want to try and prevent fraud and corruption from happening in the first place. In order to do this our strategy includes:

- Undertaking a regular assessment of the fraud risks faced by the Council and ensuring our managers and counter-fraud teams carry out checks on high risk areas;
- Completing pre-employment screening of our staff (including volunteers, contractors and consultants) and confirming their right to remain and work in the UK, where appropriate;
- Requiring staff to declare potential conflicts of interest; and any gifts offered and accepted;
- Scanning and verifying identity documents of all applicants for housing and other benefits;
- Making sure quotes and tenders from contractors are opened by different employees to those who asked for the quotes; and
- Controlling our IT systems e.g. to ensure that individual employees are not responsible for setting up and authorising payments.

#### **4.2 Detecting and investigating fraud and corruption**

As well as having systems in place to prevent fraud, we have procedures that detect and investigate fraud effectively which include:

- Fraud reporting mechanisms such as the confidential Freephone telephone number, PO Box address and email facility;
- Whistleblowing, Anti-Money Laundering and Anti-bribery policies, together with our complaints process, and regular reviews of personnel and financial information e.g. on Right to Buy applications;
- An annual counter-fraud plan which includes projects to look at high risk and high spend areas based on the overall risk assessment;
- Undertaking regular data matching and analysis of information held on our systems to identify e.g. fraud in housing tenancies, payroll and pensions, Blue Badges, planning applications and payments to suppliers;
- Sharing information on identified frauds and risks with other local authorities and agencies, including the police, Department for Work and Pensions (DWP), and the Home Office visa and immigration services;
- Receiving regular data analysis and fraud information alerts from the National Anti-Fraud Network;
- Having a dedicated and suitably trained counter-fraud team in place, with links to the police and other enforcement agencies, to investigate allegations of fraud and undertake prosecutions.

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- 4.3 The anti-fraud and corruption strategy should be read in conjunction with our **Fraud Response Plan** (Appendix 1) which sets out how we tackle the risk of fraud and investigate allegations of fraud; and the Council's **Whistleblowing Policy** (Appendix 2), which is intended to encourage and enable employees to raise serious concerns.
- 4.4 We will use all sanctions available to us to deal with anyone committing fraud or corruption, including referring cases to the police, prosecuting offenders and seeking recovery of monies and/or other assets obtained by fraud or corruption. Our **Sanctions Policy** is attached (Appendix 3), which describes the process in more detail.
- 4.5 We also have arrangements in place where any instances of suspected money laundering or bribery are reported. Our **Anti-money Laundering Policy** (Appendix 4) explains what money laundering is, and what we do to manage the risks associated with crime and money laundering. Our **Anti-bribery Policy** (Appendix 5) explains the legal position for the Council and employees; and how to report any concerns.
- 4.6 This strategy is aligned with the Council's Code of conduct and HR policies which require employees to declare any potential conflicts and any gifts or hospitality offered. The strategy is also consistent with the Council's IT Security Policies.

## 5. Monitoring

- 5.1 This policy and the appendices are monitored and reviewed on an annual basis. We will consult with all the relevant services areas to ensure that all relevant legal, financial and personnel issues are included in the review processes.
- 5.2 The Council's Corporate Committee has overall responsibility for this policy and it is presented to the Committee for its approval when any review takes place.





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## Fraud Response Plan

### 1. Why we have a Fraud Response Plan

- 1.1 Reports in the media suggest fraud is on the increase although fraud is not usually an everyday occurrence and most people are surprised to discover a potential fraud issue. Knowing what to do and taking the right steps when the fraud is discovered allows us to make sure the investigation is carried out properly.
- 1.2 Having a structured response plan helps everyone to handle any fraud issues in the same way and avoid potential problems like: inadvertently tipping off the suspect, enabling them to destroy incriminating evidence; failing to keep the matter confidential; and taking inappropriate action caused by having insufficient information.
- 1.3 A Fraud Response Plan ensures that incidents are handled in a systematic and efficient manner, not only to conclude a successful investigation, but also to show that the organisation acted in an effective and lawful manner; and that it does not tolerate fraud.

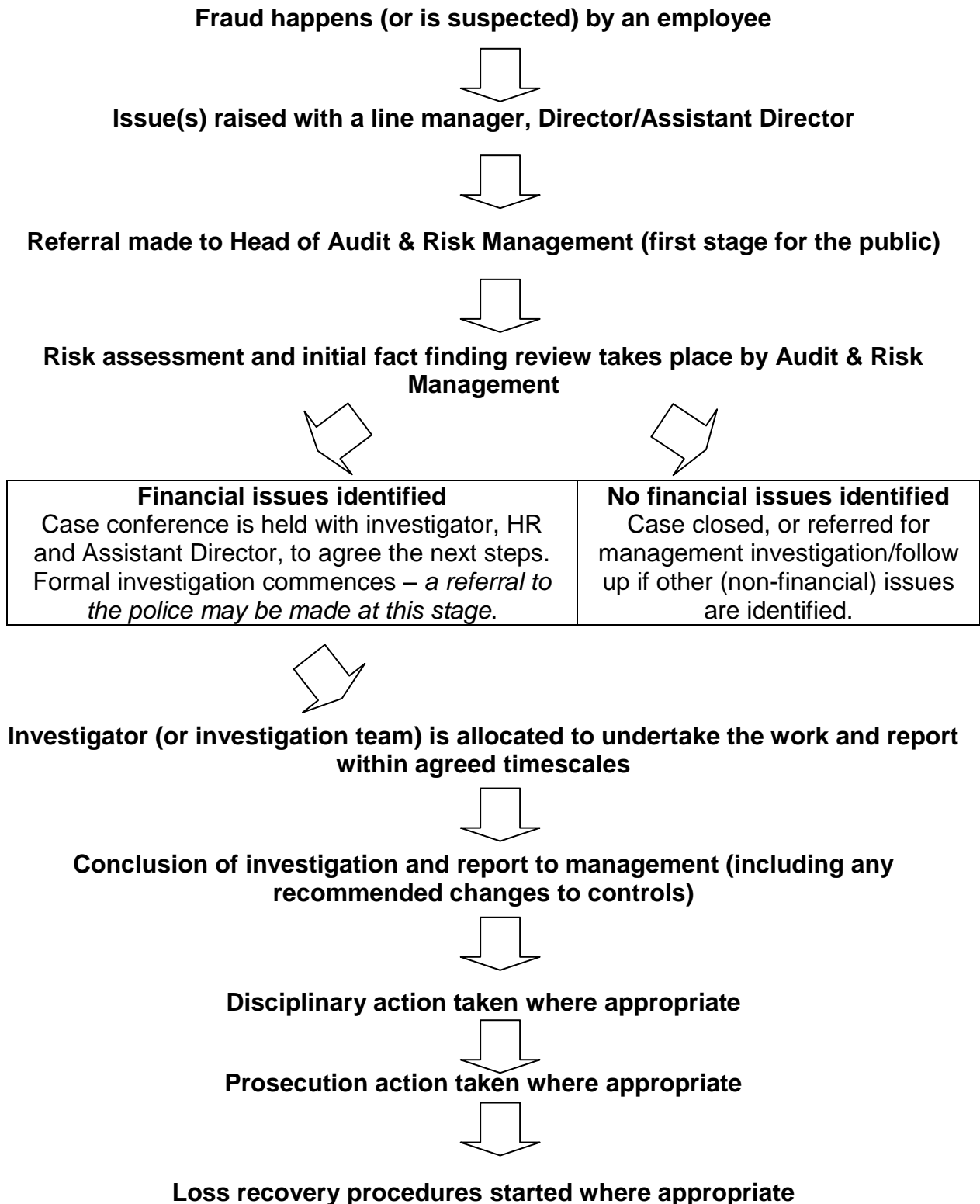
### 2. What you should do if you suspect fraud or corruption

- 2.1 Our employees and councillors are often the first to realise when things may be going wrong, or fraud and corruption may be taking place. However, they may think that they would not be supported if they raised their concerns, or they may even be afraid of being harassed or bullied. In these circumstances, an individual may feel it would be easier to ignore their concerns, rather than report it. We want to tell you that this is not the case.
- 2.2 Our 'Whistleblowing' Policy is in place to encourage and enable individuals to raise legitimate concerns, rather than overlooking a problem. The policy applies to all Haringey employees, staff of Council contractors, agency staff and trainees.
- 2.3 If you suspect fraud or corruption, you should raise your concern with your line manager. Failing that, you should approach your Head of Service, or Assistant Director. If you cannot raise your concern within your own service area, you should approach the Head of Audit & Risk Management.
- 2.4 We want to encourage any member of the public, or a partner organisation, who suspects fraud and corruption to contact the Council's Head of Audit and Risk Management in the first instance.
- 2.5 **Remember:** tell some-one, don't keep it to yourself; make a note of anything which made you think a fraud was happening; keep things confidential initially; do not confront the suspect(s); only take away any evidence if there is any risk that it will be destroyed or thrown away. **Leave the investigation to Audit & Risk Management.**

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**3. Investigations into allegations of fraud or corruption**

Although we cannot say how each individual case is dealt with, the following process is outlined as a general guide.





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## **Whistleblowing Policy**

### **1. What is 'Whistleblowing'?**

- 1.1 Whistleblowing encourages and enables employees to raise any serious concerns they may have, rather than overlooking a problem. Serious concerns include: criminal activity; not complying with legal requirements; miscarriages of justice; putting an individual's health or safety at risk including residents, clients and members of the public; and damage to the environment.
- 1.2 Employees are often the first to realise that there is something wrong within the Council. However, they may be reluctant to say anything or raise their concerns as they feel that speaking up would be disloyal to their colleagues or to the Council; or they may feel that they would be victimised for doing so.
- 1.3 The Public Interest Disclosure Act 1998 (PIDA) offers all employees legal protection against any detriment, or unfair dismissal, as the result of speaking out about crime, fraud, miscarriages of justice, dangers to health and safety, breaches of civil service code or risks to the environment.

### **2. Our Commitment**

- 2.1 We are committed to the highest possible standards of openness, probity and accountability. In line with that commitment we expect employees, and others that we deal with, who have serious concerns about any aspect of our work to come forward and tell us about those concerns.
- 2.2 If any employee raises their concerns in the public interest (not for personal gain) and they reasonably believe that the information they are giving is true and in good faith, our Whistleblowing policy aims to ensure that they receive support; and their concerns are properly investigated and addressed.
- 2.3 We will publicise this policy across the Council on a regular basis, so all our staff are aware of the support available and what is required of them.

### **3. Who does the Policy apply to?**

- 3.1 The policy applies to all our employees. This includes temporary and agency staff, 'as and when' employees, authorised volunteers or work experience staff. It also applies to contractors working for us on our premises e.g. agency staff, builders, and drivers. It also covers suppliers and those providing services under a contract with us in their own premises, for example, care homes and children's centres. The policy also covers our Members.
- 3.2 This policy has been shared with the relevant trade unions and professional organisations and has their support.

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#### **4. Our aims**

- To encourage everyone to feel confident in raising concerns; and to act upon their concerns about potential wrongdoing;
- To provide ways for all staff to raise concerns in confidence and receive appropriate feedback on any action taken;
- To ensure that staff receive a response to their concerns; and that staff are aware of how to pursue them if they are not satisfied; and
- To reassure everyone they will be protected from possible reprisals, or victimisation, if they have a reasonable belief that they have made a disclosure, which is in the public interest.

#### **5. How to raise a concern**

- 5.1 As a first step, any concerns should normally be raised with your immediate supervisor/manager. However, if the concern is serious, relates to a sensitive matter, or your line manager may be involved, you should approach a senior manager, or Assistant Director/Director within your service area.
- 5.2 Our Financial Regulations state that the Head of Audit and Risk Management should be told of any concerns that relate to financial or accounting irregularities or suspected irregularities. This policy allows the opportunity to raise your concerns about any financial matters directly to the Head of Audit and Risk Management.
- 5.3 If your concern is not about financial issues, you may also raise it with the Assistant Director for Human Resources; or the Assistant Director of Corporate Governance (the Council's Monitoring Officer).
- 5.4 PIDA encourages staff to approach their employer in the first instance: this way you are legally protected; and any subsequent disclosure of the same information you make externally will be protected. However, the government advises that if you felt that your employer would cover your concerns up, or would treat you unfairly, or they have not resolved the issue when they have been told about it previously; you can make a referral to a 'prescribed person' and some examples of these are listed at the end of this policy.
- 5.5 Alternatively, you could ask your Trade Union to raise the matter on your behalf; or seek advice from your professional organisation, if you are a member of one.
- 5.6 Other procedures are available, for example the Grievance procedure which relates to complaints about your own employment. This policy also does not replace other corporate complaints procedures, which are for public use.

#### **6. How we will respond to concerns raised under this policy**

- 6.1 We will aim to review your concerns and complete any investigations required as quickly as possible. It is not possible to say how every concern will be treated but as a general guide, within ten working days of the concern being raised, we will:
- Assess the complaint and identify the most effective process to use to investigate the allegations raised;

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- Notify the Head of Audit and Risk Management that a concern has been raised to ensure it is recorded properly in accordance with this policy;
- Write to the person raising the concern (as long as the concern has not been raised anonymously) to acknowledge their complaint and indicate how the matter raised will be dealt with;
- Indicate a likely timescale to complete the investigation; and
- Provide individuals with information on staff support mechanisms that are available.

**7. Confidentiality – Protection for Whistleblowers**

7.1 We want to protect anyone who raises a concern; including keeping their identity confidential if this is what the employee wants. All concerns will be treated in confidence and we will make every effort not to reveal people's identity, but please consider that we may need to provide a witness statement if the matter is subject to a disciplinary process, or referred to the police.

7.2 This policy encourages you to put your name to your concern whenever possible. Please note that:

- Staff must believe the disclosure of information is in the public interest;
- Staff must believe it to be true;
- Staff must **not** act maliciously; or knowingly make false allegations; and
- Staff must **not** seek any personal gain.

**8. Safeguards and Victimisation**

8.1 We recognise that the decision to report a concern can be a difficult one to make. If what you are saying is true, or you believe it to be true, you should have nothing to fear as you will be acting in the best interests of the Council and everyone we provide a service to.

8.2 We will not tolerate any harassment or victimisation (including informal pressures); and we will take appropriate action, including disciplinary procedures, to protect you when you raise a concern which is in the public interest.

8.3 If you make an allegation, which you think is genuine but is not proven, no action will be taken against you. However, where there is clear evidence that you have made a malicious allegation then action may be taken against you under the Disciplinary procedure.

8.4 We want to encourage our staff to put their name to their concerns so we can investigate them properly. However, some people may wish to remain anonymous. In these circumstances, we will still consider concerns raised, taking into account the seriousness of the issues raised and the credibility of the concern, but our ability to take the matter further may be restricted if anonymity needs to be maintained.

**9. Monitoring**

9.1 The Assistant Director of Corporate Governance (the Council's Monitoring Officer), is responsible for the maintenance and operation of this policy. The Head of Audit and



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Risk Management will maintain a record of concerns raised and the outcomes (but in a form which does not breach your confidentiality) and will report as necessary to the Council.

- 9.2 The Assistant Director of Corporate Governance and Head of Audit and Risk Management will liaise with the Assistant Director of Human Resources when the policy is subject to review in order to ensure all relevant employment requirements are taken into account.

### **WHISTLEBLOWING - GUIDANCE NOTES FOR MANAGERS**

When staff suspect or discover something is wrong, they are encouraged to report this to their manager. This gives managers the chance to correct any potential or actual malpractice before the issue escalates. Please note that if there are allegations of potential fraud, or financial irregularity, then these must be reported to the Head of Audit and Risk Management in line with the Council's Financial Regulations.

Victimising or deterring staff from raising legitimate concerns is a serious disciplinary offence. Whistleblowers are also afforded protection under the Public Interest Disclosure Act. Therefore, managers must ensure that anyone who makes a complaint have confidence that it is going to be properly investigated and addressed; and they will suffer no detriment as a result of speaking out.

Managers must respect the confidentiality of any staff raising concerns if they (the staff) want this. However, managers should advise staff that during the investigation the source of the information may need to be revealed and the individual may be required to provide a statement, or appear as a witness in any disciplinary or police investigation. You should advise the employee that they will be supported in these processes, if required. You should also advise the employee of any other support processes that are available to them.

In all cases where an employee uses the Council's Whistleblowing policy to raise their concerns, the person receiving the concern must notify the Head of Audit and Risk Management. They are the Council's nominated officer for recording any Whistleblowing referrals and are required to maintain a log, which ensures confidentiality, and provide periodic information on the use of the Whistleblowing policy.



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### **Investigating Referrals**

Managers need to review an employee's concerns raised under the Whistleblowing Policy and complete any investigations required as quickly as possible. As a general guide, within ten working days of the concern being raised, the manager should:

- Formally acknowledge the concern to the employee, or their Trade Union/ professional organisation;
- Undertake an initial review of the concerns (or refer the matter to the Head of Audit and Risk Management where fraud is alleged);
- Appoint an independent and impartial manager to undertake an investigation;
- Agree a timescale to complete the investigation with the investigating manager and advise the employee, or their representative, of the likely timescale;
- Conduct an investigation under the Whistleblowing Policy, following the same process as the Disciplinary Procedures for investigating cases of misconduct/ gross misconduct;
- An investigation may conclude that, potentially, there has been a breach of the Council's Code of Conduct and Disciplinary Rules. In these circumstances, you should invoke the disciplinary process; and
- Subject to any legal constraints, inform the employee, or Trade Union/ professional organisation, of the progress and outcome of any investigation.

### **Examples of Relevant Prescribed Persons**

If you decide to blow the whistle to a 'prescribed person' rather than your employer, the government has produced a [Prescribed Persons List](#).

More information on Whistleblowing can be found on the GOV.UK website: [www.gov.uk/whistleblowing](http://www.gov.uk/whistleblowing)

Examples of prescribed persons include:

***Her Majesty's Chief Inspector of Education, Children's Services and Skills ("the Chief Inspector")*** about matters relating to the regulation and inspection of establishment and agencies for children's social care services.

Ofsted  
Piccadilly Gate  
Store Street  
Manchester M1 2WD  
Tel: 0300 123 3155  
Email: [whistleblowing@ofsted.gov.uk](mailto:whistleblowing@ofsted.gov.uk)



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**Care Quality Commission** about the provision of health care on the NHS or independent health care services.

CQC National Customer Service Centre

Citygate

Gallowgate

Newcastle upon Tyne

NE1 4PA

Tel: 03000 616161

[www.cqc.org.uk](http://www.cqc.org.uk)

**The Health and Safety Executive** about health or safety at work or the health and safety of the public.

Health and Safety Executive

Rose Court

2 Southwark Bridge

London

SE1 9HS

Online form: [www.hse.gov.uk/contact/workplace-complaint.htm](http://www.hse.gov.uk/contact/workplace-complaint.htm)

Tel: 0300 0031647

[www.hse.gov.uk](http://www.hse.gov.uk)

**The Comptroller and Auditor General** about the proper conduct of public business, value for money, fraud and corruption in relation to the provision of public services.

The Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

London SW1W 9SP

Tel: 020 7798 7999

[www.nao.org.uk/contact-us](http://www.nao.org.uk/contact-us)





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## Sanctions Policy

### 1. Policy Statement

- 1.1 We will use the full range of sanctions available to us, including criminal prosecution, civil recovery, internal disciplinary procedures and referral to regulatory bodies in order to deter fraud, bribery and corruption.
- 1.2 Our Legal Services and the Crown Prosecution Service will be used to undertake prosecutions; and we will refer all relevant cases to the appropriate professional bodies and other law enforcement agencies. We will assist external organisations if they decide to bring their own prosecution cases.
- 1.3 Our fraud and corruption strategy states that we will seek the full range of sanctions against anyone found to have committed fraud against the Council: and they will apply to any fraud either against the Council or against money that the Council has responsibility for.

### 2. Deciding what sanction to apply

- 2.1 We have a range of sanctions that we can use, including internal disciplinary procedures and criminal and civil prosecutions; and we have this policy to make sure that we:
- Apply all available sanctions consistently;
  - Apply sanctions efficiently and cost effectively; and
  - Have a transparent and robust decision making process.
- 2.2 In some cases, we may apply more than one sanction e.g. if a member of staff has stolen money from us, we may take internal disciplinary proceedings, refer the matter to the police, and undertake civil recovery procedures.
- 2.3 We may decide to pursue a criminal prosecution in some cases; these will usually be reserved for those cases, which we think, are the most serious. The Council has the power to undertake some prosecutions itself using our Legal Services, but some cases can only be decided on by the Crown Prosecution Service.
- 2.4 All cases which are considered for prosecution will apply firstly the 'Evidential Test'; and secondly the 'Public Interest Test', as set out in the Code for Crown Prosecutors 2013 as follows:  
**Evidential Test** - The investigator will consider the following questions in assessing whether there is sufficient evidence to prosecute the case: Can the evidence be used in court? Is the evidence reliable? Is the evidence credible?

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**Public Interest Test** - If the Evidential Test has been met, the investigator will then consider whether or not a prosecution would be in the public interest. Each case will be assessed on its own merits and a review will include: How serious the offence is; the level of culpability of the suspect; the circumstances of and the harm caused to the victim; if the suspect was under the age of 18 at the time of the offence; the impact on the community; whether prosecution is a proportionate response; and whether sources of information require protecting.

### **3. Types of fraud and the possible sanctions**

#### **3.1 Employees, Councillors, Teachers, School Staff**

If we find that any of our staff or councillors have committed fraud, or been involved in corruption, we will undertake disciplinary action in the first instance. If we identify that the Council has suffered any financial loss, we will always seek to recover this, including through civil and criminal prosecutions. Where staff are members of professional bodies, or have to comply with national codes of conduct (teachers, social care staff etc), we will refer any cases of fraud and corruption to these bodies.

#### **3.2 Benefit Fraud**

The Department for Work and Pensions is responsible for investigating housing benefits fraud, but the Council is still responsible for assessing and paying for some benefits including council tax support, and social fund.

#### **3.3 Housing and Right to Buy Fraud**

In all cases where anyone has fraudulently applied for Right to Buy, housing support, or a tenancy from the Council, we will always seek repossession of the property and recovery of any financial losses. Where we identify that a tenant is sub-letting their property illegally, we will use the Prevention of Social Housing Fraud Act 2013 to prosecute them and recover any money they gained by sub-letting their property. We will also consider using the Fraud Act 2006.

#### **3.4 Other fraud**

There are a number of other areas such as: insurance claims, direct care payments, grants to organisations, exemptions and reliefs from Council Tax or Non-domestic rate payments, and applications for financial and other assistance where theft and fraud may occur. We will always seek to recover any money lost and consider a criminal or civil prosecution. Where an external organisation is involved, we will make a referral to any relevant governing body such as the Law Society, Charities Commission, or the Registrar of Companies.

### **4. Proceeds of Crime Act 2002**

4.1 The Proceeds of Crime Act 2002 (POCA) was put in place to demonstrate that crime does not pay. We will use POCA wherever we can to obtain confiscation



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orders, including compensation orders, as well as recovery of the full overpayment of benefits. We may use accredited Financial Investigators attached to other enforcement agencies, or the police, to assist us.

**5. Monitoring**

5.1 The Assistant Director of Corporate Governance (the Council's Monitoring Officer), is responsible for the maintenance and operation of this policy. The Assistant Director of Corporate Governance and Head of Audit and Risk Management will liaise with the Assistant Director of Human Resources when the policy is subject to review in order to ensure all relevant employment requirements are taken into account.

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## ANTI-MONEY LAUNDERING POLICY

### 1. What is money laundering?

- 1.1 Money laundering is the term used for several offences involving the proceeds of crime, or terrorism. This includes possessing, or in any way dealing with, or concealing, or converting the proceeds of any crime, as well as funds likely to be used for terrorism and the proceeds of terrorism. Money laundering is used to describe the activities of criminals who convert the proceeds of crime into legitimate activities, with the intention of hiding the true sources of their income.
- 1.2 In relation to the Council, money laundering would be the attempt to do legitimate business with the Council e.g. buying/leasing property, or paying for goods and services using assets or money derived from the proceeds of crime or terrorism.
- 1.3 This policy applies to all employees and councillors and sets out the legal requirements relating to money laundering, including how to respond if anyone suspects that money to pay for property, goods, or services comes from criminal, or terrorist activities.

### 2. Laws covering money laundering

- 2.1 Legislation has shifted the burden for identifying acts of money laundering from police and government agencies to organisations and their employees. The principal legislation and regulation relating to money laundering are: the Proceeds of Crime Act 2002 (POCA), the Terrorism Act 2000 (TA), and the Money Laundering Regulations 2007.
- 2.2 There are two main types of offences, which may be committed:
- Money laundering offences; and
  - Failure to report money-laundering offences.
- 2.3 The main types of money laundering offences are:
- acquiring, using, or possessing criminal property;
  - handling the proceeds of crimes, such as theft, fraud and tax evasion;
  - investing the proceeds of crime in other financial products;
  - being knowingly involved, in any way, with criminal or terrorist property;
  - entering into arrangements to facilitate laundering criminal or terrorist property;
  - transferring criminal property
  - failing to report a suspicion that money laundering offences are taking place; and,
  - 'tipping off' someone who is, or is suspected of being, involved in money laundering, in such a way as to reduce the likelihood of being investigated, or prejudicing an investigation.

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2.4 Depending on the severity of the suspected offence, the Magistrates' Court can issue fines of up to £5,000, or sentences of up to 6 months in prison (or both), and, in the Crown Court, fines are unlimited, and sentences of up to 14 years may be handed down.

### 3. The obligations of the Council

3.1 The main requirements of the legislation are:

- To appoint a Money Laundering Reporting Officer (MLRO);
- Maintain client identification procedures in certain circumstances;
- Implement a procedure to enable suspicions to be reported; and
- Maintain record keeping procedures.

3.2 The Council's MLRO is the Assistant Director of Corporate Governance. In the absence of the designated MLRO, the Head of Audit and Risk Management should be contacted.

3.3 The Council has developed formal client identification procedures, which must be followed when Council land or property is being sold. These require individuals (and companies) to provide proof of identity and current address. If satisfactory evidence is not obtained, the transaction must not be progressed and guidance should be sought from the MLRO. All records maintained in respect of suspected money laundering activity must comply with the Data Protection Act.

### 4. Examples of potential money laundering situations

4.1 It is not possible to provide a definitive list of possible situations involving money laundering; or how to decide whether to report suspicions to the MLRO. However, the following are risk factors, which either may, individually or cumulatively, suggest possible money laundering activity:

- Payment of a substantial sum of money in cash (over £10,000), either in a single transaction, or a number of smaller transactions which total more than £10,000;
- Payment of cash sums where cash is not the usual means of payment;
- A new customer, or use of a new/shell company, with no financial history;
- A customer who refuses to provide requested information without a reasonable explanation;
- Concerns about the honesty, integrity, location, or identity of a customer;
- Unnecessarily complex transactions e.g. routing or receipt of funds from third parties, or through third party accounts;
- Involvement of an unconnected third party without any reasonable explanation;
- Overpayments by a customer, or payments of deposits subsequently requested back;
- Absence of an obvious legitimate source of funds;
- Movement of funds overseas, particularly involving a higher risk country, or tax haven;
- The cancellation, or reversal, of a previous transaction;
- Requests for the release of customer account details, other than in the normal course of business;



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- Transactions at substantially above or below current market values;
- Poor business or financial records;
- A similar previous transaction (completed or requested) from the same customer;
- An inability to trace the customer, or organisation;
- Individuals or companies that are insolvent but have funds.

## 5. Reporting procedure

- 5.1 If you have any questions or doubts about an individual, company, or transaction that you have been dealing with, then it is important to get advice from the MLRO, or Head of Audit and Risk Management as soon as possible – **do not delay reporting your concerns, as this may make you subject to criminal prosecution.**
- 5.2 Your report to the MLRO should include as much details as possible, including:
- Full details of the people involved e.g. name, address, company name, directorships, contact details etc;
  - Full details of their (and your) involvement;
  - The type(s) of money laundering activity suspected;
  - The date(s) of the suspected money laundering activity, including whether the transactions have happened, are ongoing, or are imminent;
  - Where they took place;
  - How they were undertaken (cash payment, bank transfer etc);
  - The (likely) amount of money or assets involved;
  - Why, exactly, you are suspicious.
- 5.3 Your report should also provide the MLRO with copies of any related supporting documentation. If you acting in a legal capacity and consider that legal professional privilege may apply to the information, you should set this out in the report to the MLRO and why the information is legally privileged. The MLRO will determine whether the information should be exempt from any reports to the National Crime Agency (NCA).
- 5.4 Once you have reported your concerns to the MLRO, you must not undertake any further enquiries into the matter. The MLRO will refer the matter on to the NCA, if required, in order for them to undertake further investigation. No further action must be taken in relation to the transaction(s) until either the MLRO, or NCA, has given their consent in writing.
- 5.5 You should not voice any suspicions to the person(s) who you suspect of money laundering; or make any reference on IT systems, or client/hard copy files that you have reported your concerns to the MLRO. If an individual requests access to information, any notes will need to be disclosed, which may tip them off and may make you liable for prosecution.
- 5.6 A record will be maintained, including details of the customer due diligence, which will be kept for five years after the end of the business relationship; together with a record of the transactions also kept for five years. Guidance on performing the



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required due diligence checks can be obtained from the Head of Audit and Risk Management.

## 6. Review of disclosures by the MLRO

- 6.1 When the MLRO receives a report of suspected money laundering, they will review the information and any other relevant information, including:
- Reviewing any other transactions patterns and volumes;
  - The length of any business relationship involved;
  - The number of any one-off transactions and any linked one-off transactions;
  - Any identification evidence held.
- 6.2 The MLRO will complete their review, which may include speaking to the person who made the referral, in order to determine whether there is sufficient evidence of actual/suspected money laundering and whether there are reasonable grounds to know (or suspect) that this is the case. The MLRO will then determine whether the NCA needs to be involved and their consent obtained for a transaction to proceed. In these circumstances, the transaction must not proceed until the NCA consent has been formally received (or if no consent has been received from the NCA after 7 working days).
- 6.3 If the MLRO concludes that there are no reasonable grounds to suspect money laundering, they will record their decision on the report and give their consent to proceed with the transaction.
- 6.4 In cases where legal professional privilege may apply, the MLRO will liaise with the Council's s151 Officer to decide whether there is a reasonable reason for not reporting the matter to the NCA.

## 7. Additional requirements for Finance and Legal employees

- 7.1 In addition to the reporting procedure in Section 5 above, employees providing certain finance and legal services must also comply with 'due diligence' requirements:
- Simplified due diligence.** Required when there is low risk of money laundering e.g. new business with a company; when checks on company and director registration details would represent sufficient due diligence.
- Enhanced due diligence.** Required when there is a higher risk of money laundering e.g. remote transactions where the customer is not present to be identified would require additional information and documents to be provided.

If satisfactory evidence cannot be provided, then the transaction cannot proceed.

- 7.2 Customer identification processes must be undertaken when the Council:
- Forms a business partnership with a customer;
  - Undertakes a one-off transaction relating to property or debt of more than £10,000;





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- Undertakes a series of linked transactions involving total payment of more than £10,000;
- Knows, or suspects, that a transaction or a linked series of transactions involves money laundering.

7.3 Customer identification must be completed before any business is undertaken with the individual in relation to accountancy, procurement, audit and legal services with a financial or real estate transaction. In order to complete customer identification the following processes should be undertaken:

- Identify the person who wants to form the business relationship or complete the transaction;
- Verify their identity using independent sources of information;
- Identify who benefits from the transaction;
- Monitor transactions to make sure that they are consistent with what is understood about the individual or country;
- Understand the source of their funds;
- Ensure there is a logical reason why they would want to do business with the Council.

## 8. Training

8.1 The MLRO and Head of Audit and Risk Management will ensure that training on the law relating to money laundering and the Council's procedures is provided to all relevant employees on a regular and ongoing basis.

## 9. Monitoring

9.1 The Assistant Director of Corporate Governance (the Council's Monitoring Officer), is responsible for the maintenance and operation of this policy. The Assistant Director of Corporate Governance and Head of Audit and Risk Management will liaise with the Assistant Director of Human Resources when the policy is subject to review in order to ensure all relevant employment requirements are taken into account.

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## **Anti-Bribery Policy**

### **1. Policy Statement**

1.1 The Bribery Act 2010 made bribery a criminal offence. The Council and everyone employed by us, including members, temporary and agency staff, consultants and contractors, will not pay bribes or offer improper inducements to anyone for any purpose. We do not accept bribes or improper inducements.

1.2 To use a third party to channel bribes to others is also a criminal offence. We do not and will not engage indirectly in, or otherwise encourage, bribery. The Council is committed to the prevention, deterrence and detection of bribery. We have zero tolerance towards bribery.

### **2. What is bribery?**

2.1 Bribery is the offering, promising or giving of a financial or other advantages designed to induce an individual to take an improper decision or action. These inducements can take many forms including offering cash, holidays, event tickets, meals. Decisions could relate to recruitment, the award of contracts, planning consents and other awards.

2.2 There are four key offences under the 2010 Act:

- bribing another person (section 1);
- accepting a bribe (section 2);
- bribing a foreign official (section 6); and
- failing to prevent bribery (section 7).

2.3 Failure by a commercial organisation to prevent bribery is a corporate offence. For the purposes of the Bribery Act 2010, the Council is classed as a 'commercial organisation'. The Act also introduces an offence of bribing a foreign official. Individuals found guilty of an offence may be imprisoned for a maximum term of ten years and face an unlimited fine.

### **3. Scope of the policy**

3.1 This policy provides a coherent and consistent framework to enable all our employees to understand and implement arrangements to enable compliance with the Act. In conjunction with related policies and key documents it will also enable employees to identify and effectively report a potential breach.

3.2 This policy applies to all of our activities and staff including all permanent, temporary and agency staff, contractors, agents, members (including independent members), volunteers and consultants. For our partners, joint ventures and suppliers, we will encourage the adoption of policies consistent with the principles set out in this policy.

### **4. Our commitment to anti-bribery**

4.1 In order to comply with the Bribery Act, we will:

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- Set out a clear anti-bribery policy and keep it up to date;
- Maintain appropriate procedures to prevent bribery;
- Undertake anti-bribery risk assessments where appropriate;
- Make all employees aware of their responsibilities to comply with this policy at all times;
- Maintain appropriate gifts and hospitality procedures;
- Encourage employees to report any suspicions of bribery;
- Investigate instances of alleged bribery and assist the police and other authorities in their investigations; and
- Take a robust line against anyone found to have breached this policy or to have committed or facilitated bribery.

4.2 As part of our commitment to comply with the Bribery Act, it will be considered unacceptable to:

- give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
- give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to 'facilitate' or expedite a routine procedure;
- accept payment from a third party that you know, or suspect, is offered with the expectation that it will obtain a business advantage for them;
- accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided in return;
- retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy; and
- engage in activity in breach of this policy.

## 5. Contracts and failure to prevent bribery

5.1 Under the Public Contracts Regulations, a company is automatically barred from competing for public contracts where it is convicted of a corruption offence. Companies that are convicted of failing to prevent bribery are not automatically barred from participating in tenders for public contracts. We have the discretion to exclude organisations convicted of this offence and you should get advice from our Procurement team on this issue.

## 6. Raising a concern

6.1 We want everyone who has any concerns to be able to report these effectively. Our Whistleblowing policy sets out how to do this, including making an anonymous referral.

## 7. Monitoring

7.1 The Assistant Director of Corporate Governance (the Council's Monitoring Officer), is responsible for the maintenance and operation of this policy. The Assistant Director of Corporate Governance and Head of Audit and Risk



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Management will liaise with the Assistant Director of Human Resources when the policy is subject to review in order to ensure all relevant employment requirements are taken into account.

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