

Report for: Corporate Committee – 16 November 2021

Item number: 12

Title: Decision Making for the Acquisition of Alexandra House
Report authorised by: Director of Finance

Lead Officer: Minesh Jani, Head of Audit and Risk Management
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Ward(s) affected: N/A

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

1. Describe the issue under consideration

- 1.1 At the last meeting of the Corporate Committee on 9 September 2021, the Chair of the Corporate Committee referred to an action point on the Alexandra House purchase, which had been raised at its previous meeting in March 2021. The Chair advised that there would be an exempt part to the November Committee meeting to consider the Mazars audit report looking at the initial opportunity to acquire Alexandra House and the subsequent exempt part of the Cabinet report where the decision was made to acquire Alexandra House.
- 1.2 There is a need to note non-exempt Cabinet report entitled “Acquisition of the freehold interest in Alexandra House, Wood Green – Part A” which is attached to this paper at Appendix B; to understand the context and additional information in exempt papers which are appended in the exempt part of the agenda. It should also be noted that the redacted Mazars report has been made publicly available following a Freedom of Information request and is attached at appendix A.
- 1.3 The Committee will consider the exempt papers under its terms of reference, specifically the Council’s internal control environment and its governance arrangements. It is noted responsibility for scrutinising the decision of the Cabinet to purchase Alexandra House rests with the Overview and Scrutiny Committee; the role of this committee is to consider the process by which the decision was made.

2. Cabinet Member Introduction

- 2.1 Not applicable.

3. Recommendations

The Corporate Committee is recommended to:

- 3.1 Note the report and attached documents.
- 3.2 Note the improved internal control governance arrangements for dealing with property acquisition detailed in the Mazars report.

4. Reasons for decision

- 4.1 The Corporate Committee is responsible for monitoring the effectiveness of the Council's Internal Audit Strategy; policies on Anti-Fraud and Corruption and receiving assurance with regard the Council's internal control environment and mechanisms for managing risk.

5. Alternative options considered

- 5.1 Not applicable.

6. Background information

- 6.1 The information in this report has been compiled from information held by Audit & Risk Management and the report presented to the Cabinet in February 2020.

7. Contribution to strategic outcomes

- 7.1 The Audit & Risk team makes a significant contribution through its internal audit 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 and Head of Legal & Governance (Monitoring Officer)

8.1 Finance and Procurement

There are no direct financial implications arising from this report.

8.2 Legal

The Head of Legal & Governance has been consulted in the preparation of this report, and makes the following comments.

It is important to highlight the Committee's relevant Terms of Reference pursuant to Part Three, Section B of the Council's Constitution as follows:

(d) the Committee has the following Audit functions:

- (i) providing assurance about the adequacy of the Council's Risk Management Framework and Policy and monitoring the effectiveness of systems for the management of risk across the Council and compliance with them;
- (ii) Maintaining an overview of the Council's Local Code of Corporate Governance;
- (iii) Monitoring the effectiveness of Council policies on "Whistleblowing" and Anti-Fraud and Corruption;
- iv) Considering and recommending for adoption the Council's Annual Governance Statement;
- (v) Approving the Annual Internal Audit Plan and the Strategic Audit Plan and arrangements for the provision of internal audit services to the Council and considering reports on internal audit activity;
- (vi) Receiving the Annual Audit Plan and the Annual Audit Letter from the external auditor and making recommendations on the latter. Considering arrangements for the appointment of the external auditor;

- (vii) Commissioning work from the internal and external auditors and receiving reports from the Head of Audit & Risk Management on any matter; and
- (viii) Questioning officers and Cabinet members on matters relevant to audit and to financial and non-financial performance and making recommendations on these matters to Cabinet and full Council.
- (ix) The Head of Audit's Annual Report

Accordingly, any action which Members seek to take beyond accepting the terms of the Recommendation must fit within one of the categories above.

In addition, the Head of Legal & Governance endorses the accuracy of the comment made at paragraph 1.3 of the report in terms of the role to be played by this Committee, and that of Overview and Scrutiny Committee.

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 Audit & Risk 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. **Local Government (Access to Information) Act 1985**

Appendix A – Redacted Mazars report

Appendix B - Cabinet report on Acquisition of the freehold interest in Alexandra House, Wood Green – Part A presented on 11 February 2020.

Appendix C- Part B Cabinet report on Acquisition of the freehold interest in Alexandra House, Wood Green presented on 11 February 2020 - Exempt

10. **MAZARS REPORT**

- 10.1 Internal audit (Mazars) were commissioned to investigate and report on the process by which a decision was taken not to purchase Alexandra House, Wood Green, London N22 7TY. The purpose of this investigation was to examine the processes in place for considering the purchase of Alexandra House and whether Council policies and procedures were followed. The investigation did not consider nor give a view on whether Alexandra House should have been acquired or comment on its fair value.

10.2 The Corporate Committee received the internal audit findings at its meeting in March 2021 summarising the key points from the Mazars report. The Corporate Committee considered the findings as part of its terms of reference and requested a follow up into the purchase of Alexandra House. Following further discussions on Alexandra House at this and its subsequent committee meetings, the Committee is presented with the redacted Mazars report, attached at Appendix A.

11. CABINET DECISION

11.1 A report was presented to Cabinet on 11 February 2020 setting out the rationale for the acquisition of the freehold interest in Alexandra House, for use by the Council as office accommodation initially and then for longer term strategic purposes.

11.2 The report comprised two parts; A and B. Part A was non-exempt and discussed by Cabinet at its meeting in the open part of the agenda and is attached as Appendix B to this paper. The Cabinet also received an exempt report, Part B at the same meeting, which was not open to the public, this is attached at Appendix C in the exempt part of the agenda.

11.3 The Chair of the Overview and Scrutiny Committee received the exempt paper as there was a right to access this information as part of the requirements of the Access to information Rules set out in the Constitution at Part 4 section D paragraph 18.2 The key decision on The Acquisition of the Freehold interest in Alexandra House, Station Road, Wood Green was subject to call in and no call in of this decision was received.