



Haringey Council

Agenda item:

[No.]

**Audit Committee**

**On 5 November 2009**

Report Title: **Alexandra Palace – follow up audit of corporate governance and internal controls at the Charitable Trust and Trading Company**

Report Authorised by: **Chief Financial Officer**

Report of and contact Officer: Anne Woods, Head of Audit and Risk Management

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Wards(s) affected: **All**

Report for: **Information**

**1. Purpose of the report**

1.1 To advise the Audit Committee of the follow up audit work completed following the original review of corporate governance and internal control arrangements at Alexandra Palace and Park Charitable Trust and Alexandra Park Trading Limited.

**2. State link(s) with Council Plan Priorities and actions and/or other Strategies:**

2.1 Audit and Risk Management contribute to the Council priority to deliver excellent, customer focused, cost effective services by reviewing systems and undertaking investigations, where appropriate, to reduce risks and improve controls.

**3. Recommendations**

3.1 That the Audit Committee notes the contents of the report and the actions agreed and being taken to address the findings and recommendations.

**4. Reason for recommendation(s)**

4.1 The Audit Committee is responsible for monitoring the completion of internal audit work completed and the implementation of agreed recommendations as part of its Terms of Reference. In order to facilitate this, reports are provided for review and consideration by the Audit Committee.

## **5. Other options considered**

5.1 Not applicable

## **6. Chief Financial Officer Comments**

6.1 The Chief Financial Officer is satisfied with the actions taken to date by officers from APTL and APPCT and considers these appropriate to address the internal audit recommendations.

## **7. Comments of the Head of Legal Services**

7.1 The actions undertaken by the CFO, as detailed in this report, to ensure that proper financial and governance arrangements are in place for the trust and its trading subsidiary, are within the scope of the duties of the CFO under section 151 Local Government Act 1972. These actions are consistent with independent decision-making by the Board of the APPCT in accordance with its duties as charity trustee and independent decision-making by the Board of the APTL in accordance with its Articles of Association.

## **8. Equalities and Community Cohesion Comments**

8.1 This report deals with how risks to service delivery are managed within Alexandra Palace charitable trust and trading company, which have an impact on various parts of the Council and the community as a whole. Improvements in managing risks and controls will therefore improve services which Alexandra Palace charitable trust and trading company and the Council provides to all sections of the community.

## **9. Consultation**

9.1 The follow up reports referred to in this report have been agreed with officers at Alexandra Palace charitable trust and trading company and have been presented to the respective Boards for consideration and approval.

## **10. Service Financial Comments**

10.1 There are no direct financial implications arising from this report. Internal Audit has provided advice and guidance where appropriate to support Alexandra Palace Charitable Trust and APTL in the implementation of recommendations. The cost of undertaking the follow up audit work has been contained within the Audit and Risk Management revenue budget.

## **11. Use of appendices**

11.1 Appendix 1 – APPCT follow up report  
Appendix 2 – APTL follow up report

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

12.1 For access to the background papers or any further information please contact Anne Woods on 0208 489 5973.

## **13. Background**

- 13.1 The Council has previously provided temporary resources, including staff and financial support, to Alexandra Palace in order to assist in improving the systems and controls in place. In order to ensure that appropriate governance and internal control arrangements were in place, the Council's Chief Financial Officer requested that an internal audit be undertaken of both the charitable trust and trading company using powers under section 151 of the Local Government Act 1972.
- 13.2 The work was completed and the findings and recommendations agreed with the relevant managers at APPCT and APTL. Action plans to address the recommendations were also agreed with the APPCT and APTL managers and reported to the Boards of APPCT and APTL. The recommendations and management actions to address these were approved by the respective Boards during 2008. The audit reports were subsequently reported to this Audit Committee at its meeting of 28 October 2008. The Audit Committee recommended that all internal audit recommendations were implemented by 31 March 2009.
- 13.3 Internal Audit undertook follow up reviews at both organisations during April and May 2009, to ensure that the agreed actions had been implemented. Since the original audit reviews were completed, there had been substantial changes to the management structure and personnel at Alexandra Palace. This was partially in response to the findings and conclusions of both the separate independent review and the internal audit work.
- 13.4 The findings and reports of the follow up audit work were again discussed and agreed with the respective managers at Alexandra Palace. The follow up reports have both been submitted to the Boards of APPCT (October 2009) and APTL (June 2009) for review and consideration.
- 13.5 The Boards of APTL and APPCT acknowledged that although not all recommendations had been fully implemented at the time the follow up audit work was undertaken, substantial progress had been made to address the key risk and control issues which had been originally raised by internal audit. Both APTL and APPCT Boards approved the actions which were being undertaken and proposed by senior management in order to fully implement the audit recommendations.
- 13.6 Internal Audit have agreed the key actions which remain outstanding with APTL and APPCT managers. Improvements in governance and control frameworks have been made and work to fully embed these has been endorsed by APTL and APPCT Boards. Internal audit is satisfied that the original recommendations are being addressed by

managers at Alexandra Palace. Internal audit will undertake a final follow up review during March 2010 to ensure that all recommendations have been fully implemented.

13.7 The Council is providing ongoing temporary support to Alexandra Palace to assist with the implementation of recommendations and the proposed improvements in governance arrangements and internal controls. Liaison with the Director of Corporate Resources, the Chief Financial Officer and officers from Corporate Finance is continuing on a regular basis.

13.8 Summaries of both reports are now attached to this report for information.