

MINUTES OF THE AUDIT COMMITTEE HELD ON MONDAY, 10 NOVEMBER 2025, 7:00PM - 10:17PM

PRESENT: Councillors Erdal Dogan (Chair), Isidoris Diakides, Cathy Brennan, Alessandra Rosetti, Alexandra Worrell, Sue Jameson

ALSO ATTENDING: Reyaaz Jacobs (Independent Member), Reese Deba (Independent Member)

1. FILMING AT MEETINGS

The Chair referred to the notice of filming at meetings and this information was noted.

2. APOLOGIES FOR ABSENCE

No apologies had been received.

3. URGENT BUSINESS

There was no urgent business.

4. DECLARATIONS OF INTEREST

There were no declarations of interest.

5. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

There were none.

6. MINUTES

RESOLVED: That the minutes of the meeting held 22 July 2025 be signed as a correct record.

A separate point was raised in relation to procurement based benchmarking. This related to benchmarking around the expenditure with local SMEs, the number of contracts and other related matters.

The last report included volumetrics around those that had had single quotes and those that had a minimum of three quotes. The exact date for these could be found and further references could be made.

In relation to the action tracker, there were some actions regarding the housing service. The status of the action was listed as 'initiated' and that the information would be reported back to the Committee, but it was not clear when. Another action for social care stated that an update would be provided at the last meeting, but no update

had been provided. Another action was listed regarding staff turnover and a paper was to be presented to the Committee regarding this matter. In response, the meeting heard that the appropriate director in each case had been asked to send an update to all the committee members. The response would be sought for again.

On page 16 of the agenda papers, the action note should read 'procurement' rather than 'property'.

Page 13 of the agenda papers referred to a commercial property audit update and referred to the debt position which stood at £5.5 million pounds against an annual rental of £10.2 million.

The meeting heard that the annual rent roll was £10.2 million. The £5.5 million could simply be debt from previous years. It may be helpful for the Committee to have a break-down of this in more detail. The debt levels for commercial property were much higher than expected. Property had been a topic of interest for the Committee in recent times and the last update was probably two or three meetings past. A lot of work was being put into lease reviews, rent reviews and other similar matters. It may be useful to bring a fuller update to a future meeting in relation to commercial property. An update could also be given on previous internal audit recommendations.

It had been observed that end of the year end of the financial year in March 2025 and also within the quarter 1 report that that the Council have had to increase its bad debts provision in relation to commercial property.

7. 2024/25 EXTERNAL AUDITORS ANNUAL REPORT, INCLUDING VFM REPORT

Mr Kaycee Ikegwu, Head of Finance (Housing & Chief Accountant), Mr Tim Cutler (KPMG) and Mr Josh Parkinson (KPMG), introduced the report.

The meeting heard:

- In relation to all council housing, the accounting was driven by the CIPFA code and it suggested that the Council should be allocating beacons to the properties. All of the properties would fit into different property types. There could be a varying number of different types of beacon. KPMG was making sure that each property had been properly allocated to the correct beacon. The best way for KPMG to do this was to get to the underlying information like tenancy agreements, floor plans or physical inspections. The independent valuers, for each beacon, would look at current market information to say what the appropriate valuation was for, say, a two-bedroom flat in Haringey and apply that beacon valuation to the whole population. This was seen as more proportionate than going around valuing every single two-bedroom flat separately.
- The Council would assign different beacons to different properties but over the Council's entire portfolio, there were around 430 different beacons. This would be 430 beacons across all 16,000 properties.
- In an ideal environment, before entering into any expenditure transactions with a supplier, the Council would check to see if there was a related party in the case and whether there was any potential conflict. However, in practice KPMG

found that this was not the case and therefore the deficiency had been raised. However, there was also a separate deficiency around the completeness of some declarations of interest.

- An audit had been completed around the declarations of interest and the procedure was for any officer to declare any interest in any activity where there was a potential conflict or a perceived conflict that could arise. This was the Council's overarching framework. If an officer was about to enter into a contract where there may be a conflict or a perceived conflict, they should declare it through the Council's normal channels for declarations of interest and this should be fed up to the appropriate officer.
- A query was raised regarding an annual process where interests were declared and a specific process where interest was declared for specific transactions. In response, the meeting heard that the annual declaration was not fully complete. However, there should be an ongoing process all year round. Generally, when an account was to be paid, there needed to be a trigger in the system stating any internal interests.
- There appeared to be a weakness in both of these processes, because if no interest was recorded, a notification for an internal interest could not be triggered. This issue would be taken away to see how it could be addressed.
- The ISA260 report that would be submitted to the Committee in January 2026 would contain all the detailed performance improvement observations relating to the financial statements or accounts audit. KPMG was starting to feed those back to management, but in January 2026, the Committee would provide detail in writing along with management responses.
- It was very difficult to get a proportionate cost to a journal system that provided enforced segregation duties. It was difficult to get that type of system functionality for a public sector entity. This was also true for pensions and value-as-assumptions. There was a cost-benefit balance to the Council procuring another set of professional advice to validate the set of professional advice that the Council already had. The Council's auditors employed its own specialists to do this anyway. However, auditing standards required KPMG to outline issues that needed to be addressed. The issue relating to declarations of interest was a notable point, but ultimately there was a system functionality element to this. The Council should be able to get confidence that its register of interest was complete. This would also be raised again in January 2026 to reaffirm its importance. If the Council had its controls working effectively and was aware of its completeness, KPMG would always test the accuracy of it as a retrospective look as part of the Council's related party disclosures in its accounts. However, there was also a more prospective control that the Council's system could help enforce at the point of entering a transaction. There were other ways of doing this that did not necessarily rely on the system being the informant.
- The Council would get a response in January 2026 to every one of the risks identified in the audit plan earlier in the year.

RESOLVED:

1. That the Committee notes the contents of the draft auditor's annual report, the VFM report and any further oral updates given at the meeting by KPMG.

2. That the committee notes that the final auditor's annual report will be submitted in January 2026. Management will, at that time, provide responses to any issues raised by the external auditors.
3. That the committee notes management responses to the VFM risk assessment issues and recommendations raised by external auditors.

8. TREASURY MANAGEMENT Q1 REPORT 2025/26

Mr Sam Masters, Head of Finance (Pensions & Treasury), introduced the report.

The meeting heard:

- Paragraph 4.13 on page 78 of the agenda papers seemed to state that the saving of £227k was per annum rather than over three years, but this would be double-checked.
- The Council had agreed the capital programme at Full Council in March 2025. Both the Q1 report and the Q2 report that would be submitted to Council would be the Budget Update report.
- When the budget figures were set within the Treasury Management Strategy Statement, this would be based on the capital pricing that the Council felt it would deliver in-year. Both quarter 1 and quarter 2 would show that the Council was probably too ambitious, would not fully achieve the targets and would be subject to 'slippage'. Any schemes were likely to take slightly longer. This was why there was an underspend on the borrowing costs shown in the report. The Council was addressing some of this. As part of the Council's budget process this year, the Council was reviewing all of the capital programme to make sure that it set a capital programme each year that the Council felt was better deliverable and affordable. Hopefully the Council would end up with a capital programme where there was no high levels of slippage referred to in the report.
- In a query relating to why the Council was taking on additional borrowing of £70 million if previous money borrowed had not yet been spent, the meeting heard that the Council was spending but not spending at a previously assumed anticipated rate. The Council still had expenditures to fund and had borrowed less than it had originally budgeted for.
- The Council was still forecast to spend, on the general fund alone, £150 million. When the Council set the programme back in March 2025, it was felt that the spend would be a lot higher. The Council still forecast a spend of £150 million. The Council was also spending on the HRA as well, so there would always be some borrowing, just not at the level that anticipated. The Council wanted to get to a position where it was setting a budget based on the level of borrowing that it was expecting to do, rather than set too high a budget.
- The value for money assessment was based on three sub-criteria and what KPMG had to do as auditors was not identify every single issue that that it might find, but to say where there could be a significant weakness in arrangements. This was quite a high bar and the areas identified in the report appeared to constitute potential significant weaknesses. The definition of a significant weakness would be to incur significant financial loss, to have potential reputational damage. When KPMG had looked at governance. It was the case that there were things that could improve but as far as anything individually that could lead to a significant weakness, KPMG had not found

anything as part of its risk assessment. This was not to say improvements could not still be made.

RESOLVED:

1. To note the treasury management activity undertaken during the financial year to 30th June 2025 and the performance achieved which is attached as Appendix 1 to this report.
2. To note that all treasury activities were undertaken in line with the approved Treasury Management Strategy.

9. INTERNAL AUDIT PROGRESS REPORT

Mr Minesh Jani, Head of Audit and Risk Assurance, introduced the report.

The meeting heard:

- Some of the longer standing recommendations related to some of the issues that the Committee had spoken about previously in terms of procurement and property.
- In relation to the high priority recommendations, some of the recommendation timelines had been extended as revised from the original timescales and reasons for this had been explained to the Committee.
- It was not known if the priority 1 recommendations due for implementation in October 2025 had been completed. A follow up for this would be done.
- There was an improvement plan in place for housing services. This was to improve a whole host of areas where issues had been identified particularly around the Council's compliance with the six standards, but included other areas as well. For example, repairs. There was an improvement plan that was shared by the Director of Housing.
- In relation to controls around monitoring of stock usage and stock write off in relation to the stock balance, this information would be provided at a future meeting.
- It was not clear that some of the services were on board with where the Council was in its position and doing everything it could to make sure that things that impacted the Council's reputation was being dealt with and things that impacted expenditure was being focused upon.
- All of the housing recommendations were tracked. There were live trackers that management updated and were monitored. Management reassurances were in place in terms of how the actions were being progressed within the reports. The actual formal follow-up would be timed when there were a few things to go back and look at. The last update on the priority 1 recommendation was that progress had been made and had partly implemented a number of developments. However, no formal independent verification had been made yet. The reports would be shared with the Housing Improvement Board as part of the improvement plan.
- The level of detail being reported in this meeting regarding the causes of the issues was more detailed than what one would hear on the Housing

Improvement Board or the Scrutiny Panel. It would be valuable for this kind of detail to be more reflective in those spaces.

- A list stating which recommendations had been implemented would be shared with the Committee.
- Attempts had been made to gain confidence and be satisfied that action was being taken. Appropriate officers had been asked to attend the Audit Committee to provide an update and to provide an account of why any recommendations raised still remained outstanding. This would be continued. Any area in future where the Committee felt progress was slow or not at the appropriate level, officers could be invited to speak to and provide an update.
- The housing service needed a proper understanding of the contracts they already had by recording them in a consistent way and then making sure that there was a proper arrangement for managing those contracts. Officers needed to be very clear about what contract management actually entailed and being thorough in making sure that these activities were carried out. People could be trained to become more efficient and better at contract management, but contract management should still be carried out.
- The Council had a procurement system that the organisation used. The audit trail around this was not as robust as it should be. The service kept a record, but this was found to be not consistent. In terms of other records, there were other tools that the service used to manage the contracts, but this was not necessarily visible on a Council's procurement system. This was held in other forms.
- As an organisation, the Council was a complex being and had many different ways of collecting income. Each of those income sources had a very good system. The income was recognised and the money was banked. There were some systems within that which were better than others. Council tax for example, was very good at making sure that the income that was due to was billed out in time and was collected in a timely way. The general income collection system was not as efficient. Income that was due to the Council was very good on some systems. The Council was very good at chasing and getting money owed. However, in other areas it was not as vigorous. If it was possible for Internal Audit to be cited as senior managers on where the systems for collection were not as robust, then officers could be placed in a position where they could act.
- Staff members in the data and analytics space used to sit in another part of the organisation, but had been brought into Digital and Change team to leverage the benefits of the service to the Council.
- The Council was not making enough use of data and data and insight. It was possible to have high levels of data without using the insight. The Council was trying to look at the data it had and encourage the use of that data and insight to inform decision making. It was a very small team, but a powerful and influential one. One thing the Council wanted to do was help to promote or demonstrate, across the organisation, the role of that team, the importance of that team and the data it held. It would be useful to avoid data processing without having any outcomes. The team sitting within the Digital and Change team would help support this.
- One useful working method would be to choose a 'one problem' area and have the team focus on it as a proof of concept. This would be useful because, if it

was to work, then the area itself could be used to market the success around the organisation.

- The service could be much improved if it kept a record of responsive as well as planned schedules. It had an overarching strategy which set out intentions in the borough's greenspaces. More detail was needed for plans relating to individual sites and individual areas.
- The strategy would be refreshed before the period of 15 years had run its course. It was not unusual to set strategies of that length of time because it provided the service a little visibility of what they were trying to achieve. However, in a borough with diverse greenspaces, it would be useful to make sure that the strategy then solidified what the borough wished to do for each of the different sites.
- At the last Audit Committee, one of the areas identified from all the work done last year was that record keeping could be improved in the Council. Although the Council recognised this, it was likely that people become distracted by their day-to-day job. As public servants, particularly in the public sector, one of the things that the Council would expect to do well was keep records. If it was possible to make data collection and data maintenance easier for people, then this would improve quality of the data capture.
- In relation to housing benefit overpayments, this paperwork was still with management awaiting comments. Officers were working with management to get these dealt with as quickly as possible.

RESOLVED: to note the audit coverage and follow up work completed.

10. ANTI - FRAUD, BRIBERY & CORRUPTION REPORT - QUARTERS 1&2 2025/26

Ms Vanessa Bateman, Deputy Head of Audit and Risk Assurance, introduced the report.

The meeting heard:

- Cases regarding dual workers was not unique to Haringey. There was a strong fraud network across London and all boroughs were facing the same challenges. It was not a surprise when the coronavirus crisis forced organisations into hybrid working. It was obvious that risks would be harder to spot. The cost of living crisis informed the motives relating to fraud. Various factors influenced fraud helping people to justify it. Systems of internal control and some of the governance and basic things that were needed to have in place as an organisation. Even with really robust control environments, certain individuals arriving to an organisation who knew how to break a system could have an advantage over the Council.
- If the team found somebody committing tenancy fraud, normally subletting, it was not Council staff who would evict that person. The person would still have to go to court and the charge would have to be proven. There were duty solicitors at court who would help somebody defend a case of possession.
- A 'lessons learned' report could be done on the back of all of the fraud investigations. A lot of them did not end up in in the criminal space in any case. When audit planning was done for the year, many different factors would be taken into account. One of which was where the fraud risks might be. If the

control environment was not robust and therefore the exposure to risk was higher than it ought to be, then this would feature in the audit plan to try to improve the control environment in that space. The annual report always pointed to the key areas where either through the internal audit work or through the anti-fraud work, there were specific areas where there was a higher intensity of fraud risk. This fed back into the audit planning process.

- As the internal audit plan was brought forward in March 2026, it would be possible to bring an indicative fraud plan which identified the sorts of areas where there had been control failures in the past.
- It would be useful to have a consolidated list of outstanding weaknesses and when they would be remediated as was done for the internal audit related matters.
- In relation to blue badge fraud, the digital badges meant that enforcement activity was more robust. Officers used handheld devices so they could easily check if a badge was expired or lost or stolen and if a counterfeit badge was being used. The number of frauds or mis-use cases detected in the borough skyrocketed. This was not unique to the borough. The response to it was to have PCNs issued or have the car impounded. Some of the work went in to creating a deterrent as part of the fraud strategy. Other boroughs were reporting that the response did not reduce the fraud. The work outlined within the report included one full time employee. There were five full time employee equivalents covering all areas. One officer had spent a reasonably lengthy period on this matter. Some income for the team had been raised through cautions. The Parking team had been happy to pay towards the prosecution costs which had to be considered. More work was being done for more automation in the process. A request had been made to digital colleagues for help with automating the process. The estimates for the income that could be generated for the caseload being submitted was about £75,000 a year and this would be reinvested back into the team to enable them to become a bit more resilient and perhaps bring in some trainee resources and help with succession plans. It had never been envisioned that this one investigator would work for such a length of time on the project. The priority until March 2026 was income generation. There had been some successful prosecutions, with more to be made. The automation would make a difference and cover the costs of the work.
- In relation to the administration of housing benefit overpayment, this was carried out by the Council's Housing Benefit team, not the fraud team. In the past, the fraud team would get involved in the investigations of suspected benefit fraud, but that was taken away from the Council in 2015. Since then, the Council had no authority to carry out any housing benefit investigations. Referrals were made, but these would be passed on to colleagues in the DWP to carry out investigations. The Council had high levels of historic housing benefit overpayments. A lot of this was due to local authority error historically and supported exempt accommodation. As more people moved to universal credit, it was less of a risk. The issue was discussed openly within monitoring reports. It was also leading to higher level of bad debts provision.
- The fraudulent payment of PCNs related to when a PCN was issued and then paid and acknowledged within the parking income system. The Council would then hear from the banks reporting that the card was fraudulent. There was a high incidence of this, but it seemed to be linked to telephone payments where

there was not the same level of security as online payments. Some analysis of this was being done to find the root cause.

RESOLVED: To note the activities of the team during quarters one and two of 2025/26.

11. UPDATED CORPORATE RISK REGISTER

Mr Minesh Jani, Head of Audit and Risk Assurance, introduced the report.

The meeting heard:

- In relation to financial sustainability, there were extensive controls in place and the Council now had a spend control panel that looked at all non-statutory spend over £1,000. This was resource intensive and met twice a week. The Council had an increased focus around making sure it was recovering the income that it was due. This could also mean identifying new income streams, but it was notable by collection rates, by the level of debt and level of write off that the Council needed to focus on making sure that it was collecting the income that it was owed. There had not been much explicit documentation about income and income was as important as reducing costs. In relation to cyber security, there were clear plans in place for business continuity which included protection and recovery. A private session could be held with the Audit Committee detailing plans around that. This was one risk on the risk register which would always be red.
- A query was raised regarding assurance that recovery plans were in place and that the testing proved they would be effective if there was an incident, so that this would inform management that the target risk or impact on cyber security could be lowered by reducing the impact of a cyber incident. In response, the meeting heard that this assurance could be given. There was a strong focus on safeguarding resident data and IT systems. Disaster recovery plans had been tested to data centres with multiple backups. This was clearly documented, but was also tested regularly.
- As part of the Council's quarterly finance report, the Council reported on all of the actions that were in the finance recovery plan. At the end of quarter 1, it had avoided £1.1 million worth of spend that would otherwise have gone through the organisation. The Council was keeping track of that data and was reporting it publicly to the update on the finance recovery plan.
- The risk relating to health and safety was classed as an amber risk with a relatively high impact score. The way the policy worked on risk management was that when impact was considered, it was always in the worst case scenario. This was the reason for the high score. With any risk management process, it was an activity of judgement. It was the Council's judgment as to where it thought the risk lay. It was not thought to be very likely, but if it were to happen it could be significant.
- An updated health and safety policy was required to some degree, but there had been instances that led the health and safety team to consider some specific matters that had arisen in the Council. There had been a couple of

instances where there had been near misses and they were a catalyst to see what needed to be done.

- Health and safety risk had also been reviewed following a visit from the Health and Safety Executive. The RAG rating of 'amber' was seen as possibly too low and therefore it was worthwhile going back to the service and checking if this was a true representation.

RESOLVED: To note the Corporate Risk Register as at 30 September 2025, attached at Appendix A.

12. ORGANISATIONAL ARRANGEMENTS FOR PROCUREMENT AND THE PROCUREMENT ACT

Ms Taryn Eves, Corporate Director of Finance and Resources and Mr Barry Phelps, Chief Procurement Officer, introduced the report.

At this point in the proceedings, the meeting agreed to suspend standing order 18 in order to conclude the meeting.

The meeting heard:

- A waiver was essentially a request to not follow the contract standing orders that related to the procurements. For instance, a case where only quote would be sought instead of three as there was only one supplier that could deliver the service being sought.
- Care and Digital Services were exempt from the £25,000 spend limit because there were commissioners and a brokerage team in place to put in place care packages with the providers. The service was in the process of redesigning some of their facilities as and it was felt that it was not appropriate to disrupt this at that particular time. As part of the commissioning modernisation program, it would be seen if those other areas would come into strategic procurement. In terms of Digital Services, the exemption was a temporary one for six months. They had about 800 contracts and that was quite a lot to bring into Strategic Procurement, but they had the in-depth knowledge of those particular contracts and the arrangements that Strategic Procurement did not have within strategic procurement. Many of the contracts were on a smaller scale. The report outlined the scale of the work and how much that could not be done in one attempt. There had been £9.2 million in savings. The Council's largest element of spend was on third party contract spend. It was important to start with commissioning. It was also important to have corporate health compliance data. This was also a measure of success. There had been a high rejection rate in terms of the waivers due to heavy scrutiny.
- It would be useful to be more deliberate around the benefits. Better insights into the data would improve data governance overall. Some of the best practice could easily be taken into other areas of the Council. There needed to be better contract management and these principles could also be related to other contracts that were income generating. In relation to the digital services spend,

this was a general area where overspend could happen and this needed to be monitored closely.

- Finance and Resources could be a bit deceiving in terms of what services were included. It included finance, audit and procurement, but also included commercial property, corporate landlord model, the capital program delivery and the new homes program. Most of the big contracts related to construction.
- The Cabinet Office required the Council to publish all pipelines of contracts above £2,000,000. A link to the hosting website would be sent around to the Committee. Procurements involving waivers were also published on the website, but was dependent upon the type of waiver which was why officers needed training for procurement software. A direct award above a certain amount meant an obligation to publish. There was also an obligation to publish variations to contracts extensions to contracts when they went beyond a certain threshold. But this was complex. The threshold fluctuated depending upon the type of service, the nature of the variation and other such matters. Very few would be published because most of them would fall within certain parameters laid out in the regulations. Whilst there may appear to be a lot of waivers, it had dramatically reduced from where it was previously within the Council last year. Since Strategic Procurement had taken more control above procurements over £25,000, there had been more engagement with the services around ensuring that there was compliance and fewer waivers. A typical example would be a service having forgotten about extending a contract and a route would be sought to maintain the contract within a compliant framework and that may involve the use of a waiver.
- Variations were monitored within the Commissioning Board. Monitoring was also done on spend with single suppliers and multiple small contracts. There appeared to be the right level of internal governance and oversight now and there were consequences of non-compliance.
- Training was very important and it would help the Council to apply good practices in place to produce better quality of outcomes. If the staff knowledge was not being built, it would lead to inadequate data. Training would also build a good culture and good practice.
- A contract management toolkit had been introduced and it assigned a risk profile to each contract. These were classified as gold, silver, bronze or even platinum. This was to follow what central government outlined in terms of best practice and the training that was associated with that was free and that was part of the commissioning modernisation program. Some staff had undertaken it, but it was not yet subject to general release it was still being reviewed subject to other policies and processes.
- In relation to risk being managed. Capital programs had a fairly robust governance process, but ultimately it was up to the services to ensure that they were properly engaging in contract management. Having adequate technology in place would enable the Council to monitor this.
- The financial standing of the suppliers was monitored. There were alerts if there was a change in profile. If a contract was in 'high risk' then, there should be relevant measures in place to try and protect the Council against failure.

RESOLVED: To note and discuss the information contained in the report.

CHAIR: Councillor Erdal Dogan

Signed by Chair

Date