



**Haringey** Council

Agenda item:

Audit Committee

On 14<sup>th</sup> September 2010

**Report Title. Review of Leasehold Service Charges**

Report of: Assistant Director for Strategic and Community Housing Services

**Wards(s) affected: All**

**Report for: Non- Decision**

**1. Purpose**

1.1 To inform the Committee of the outcomes of the follow-up work carried out by Internal Audit on the three recommendations that were not agreed by Homes for Haringey regarding Grant Thornton's review of leasehold service charges administered on the Council's behalf by Homes for Haringey.

**2. Recommendation**

2.1 That the Committee notes the outcome of the Internal Audit Team's completed follow-up of the three recommendations raised in the Grant Thornton report which were not agreed by Homes for Haringey.

2.2 That the Committee notes that the Council is content with the outcome of the follow-up work undertaken by the Internal Audit Team and there are no further actions required for two of the three recommendations;

- Estate and Block costs – no further action required
- Service Quality – no further action required
- Leaseholder Consultation on Qualifying Long Term Agreements – further action required.

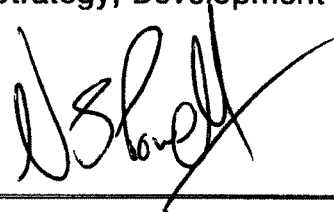
2.3 That the Committee notes that the outstanding further action requires Homes for Haringey to revise the procedure notes for the Leaseholder Consultation on Qualifying Long Term Agreements and include in Homes for Haringey and Council procurement procedures once approval has been sought from its Board at its next

meeting on 27<sup>th</sup> September. The Audit Committee will be updated on progress in three months time.

Report authorised by: Phil Harris – Assistant Director for Strategic and Community Housing Services

Contact officer: Nick Powell – Head of Housing Strategy, Development & Partnerships

Telephone 020 8489 4774



### 3. Chief Financial Officer Comments

- 3.1. The Chief Financial Officer (CFO) has considered both the initial Grant Thornton report and the subsequent Internal Audit follow-up report on leaseholder service charges. At the last Audit Committee meeting, the CFO commissioned additional internal audit work on the basis of needing to assure members of the committee that the lack of agreement on the recommendations made by Grant Thornton would not present any control weaknesses within the systems reviewed.
- 3.2. The CFO has now received the assurance required as a result of the Internal Audit work that no control weaknesses are present within the systems reviewed and is content with recommendations contained in this covering report. This is subject to, however, the Committee receiving assurance in three months time that the recommendation on the Leaseholder Consultation on Qualifying Long Term Agreements requiring further action is actually implemented.

### 4. Head of Legal Services Comments

- 4.1. The Head of Legal Services has been consulted in the preparation of this report, and advises that there are no direct legal implications arising out of its contents.

### 5. Executive Summary

- 5.1 At the 24<sup>th</sup> June 2010 Audit Committee meeting, the Grant Thornton findings following a review of the leasehold service charges within Haringey was presented, and Internal Audit was tasked to carry out a follow-up of the three recommendations that were not agreed by Homes for Haringey.

- 5.2 The conclusions are contained within Appendix A (Follow-up Table) following

discussions with relevant officers, examination of supported documentation and audit testing in order to confirm the actions taken by management to address the issues identified in the three recommendations;

- Estate and Block costs – no further action required
- Service Quality – no further action required
- Leaseholder Consultation on Qualifying Long Term Agreements – further action required.

5.3 The follow-up work concluded that two of the recommendations did not require any further action. The third recommendation regarding Leaseholder Consultation on Qualifying Long Term Agreements requires further work and Internal Audit team has recommended that Homes for Haringey revises procedure notes and this be included in HfH and Council procurement procedures.

## 6. Reasons for any change in policy or for new policy development (if applicable)

6.1 None

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

The following background papers were used in preparation of this report:

None

## 8. Background

8.1 A review was carried out early this year by Grant Thornton into the leasehold service charges made on Right to Buy properties and a final report from the auditors was submitted at the 24<sup>th</sup> June Audit Committee meeting. At this meeting, a further action was agreed that Internal Audit team completes a follow-up of the three recommendations raised in the report which were not agreed by Homes for Haringey;

- Estate and Block costs – no further action required
- Service Quality – no further action required
- Leaseholder Consultation on Qualifying Long Term Agreements – further action required.

## 9 Findings

9.1 The findings of Internal Audit team following their follow-up and conclusions are contained within Appendix A, and management response is outlined in the

Council's Action Plan attached.

- 9.2 The findings highlighted that the current processes and systems in place are effective and efficient in managing the risks, but further minor work is required on Leaseholder Consultation on Qualifying Long Term Agreements. It has been recommended to Homes for Haringey to revise the procedure notes, seek approval from its Board at its next meeting on 27th September, and have it included in HfH and Council procurement procedures. An update will be provided to the Audit Committee in three months time.
- 9.2 In compiling the final report the Internal Audit team have discussed their findings with Strategic and Community Housing Services and Homes for Haringey and taken on board comments made and are in agreement with the recommendations and further actions required.
- 9.3 Members are asked to consider the findings of the report and make comments before agreeing the Internal Audit team's findings and the Council's action plan to conclude this review.
- 10 Recommendation**
- 10.1 That the Committee considers the findings of the follow-up work on the three recommendations not agreed within the leasehold service charges report from Grant Thornton and notes the Internal Audit team's response as outlined in Appendix A and the Council's management response in its action plan.
- 10.2 The follow-up work concluded that the current processes and systems in place were effective and efficient in managing the risks, but further minor work is required on Leaseholder Consultation on Qualifying Long Term Agreements and it has been recommended to Homes for Haringey to revise the procedure notes and have it included in HfH and Council procurement procedures.