



**Haringey Council**

Report for:	Corporate Committee 26 November 2013	Item number	
Title:	Internal Audit Progress Report – 2013/14 Quarter 2		
Report authorised by :	Director of Corporate Resources <i>J. Palmer</i> Assistant Chief Executive <i>Stuart H.</i> 18/11/13		
Lead Officer:	Anne Woods, Head of Audit and Risk Management Tel: 020 8489 5973 Email: <a href="mailto:anne.woods@haringey.gov.uk">anne.woods@haringey.gov.uk</a>		
Ward(s) affected: ALL	Report for: Non-Key Decision		

**1. Describe the issue under consideration**

- 1.1 The Corporate Committee is responsible for monitoring the completion of the annual internal audit plan and the implementation of agreed recommendations as part of its Terms of Reference. In order to facilitate this, progress reports are provided on a quarterly basis for review and consideration by the Corporate Committee on the work undertaken by the Internal Audit Service in completing the 2013/14 annual audit plan, together with the responsive pro-active fraud investigation work, and housing benefit fraud investigation work. Where further action is required or recommended, this is highlighted in the report and appendices and included in the recommendations for the Corporate Committee.
- 1.2 The report also provides information from the Council's Human Resources (HR) business unit in respect of (a) work undertaken in supporting disciplinary action taken across all departments by respective Council managers; and (b) consultants employed by the Council.
- 1.3 The Department for Work and Pensions (DWP) have stated that they intend to introduce their proposed Single Fraud Investigation Service (SFIS) as a single, DWP-led, investigation service. A summary of the implications of this



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for local authorities and the potential impact on Haringey is included as a separate appendix to this report.

**2. Cabinet Member Introduction**

2.1 Not applicable

**3. Recommendations**

3.1 The Corporate Committee is recommended to note the audit coverage and counter-fraud work completed; and the actions taken during the quarter to ensure audit recommendations are implemented and address the outstanding recommendations during the second quarter, 2013/14.

3.2 The Corporate Committee notes the information received from the HR business unit.

3.3 The Corporate Committee agrees the Council's proposed actions, set out in Appendix E, in response to the DWP's statements on how SFIS will operate.

**4. Other options considered**

4.1 Not applicable.

**5. Background information**

5.1 The internal audit service and counter-fraud teams make a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the Council. This report looks at the work undertaken in the quarter ending 30 September 2013 and focuses on:

- Progress by Deloitte and Touche on internal audit coverage relative to the approved internal audit plan, including the number of audit reports issued and finalised;
- Progress in implementing outstanding internal audit recommendations with particular attention given to priority 1 recommendations;
- Details of pro-active and reactive investigative work undertaken relating to fraud and/or irregularities, including those within the remit of the Corporate Anti-Fraud and Housing Benefit Fraud Investigation Teams;
- Details of the work completed to review and investigate the potential data matches received as part of the Audit Commission's statutory National Fraud Initiative (NFI) exercise;
- Information in respect of disciplinary action taken by managers across all departments of the Council during the quarter; and
- Details of consultants employed by all departments across the Council to the end of September 2013.

5.2 The information in this report has been compiled from information held within the Audit & Risk Management business unit and from records held by Deloitte and Touche and the Council's corporate HR business unit.



## **6. Comments of the Chief Financial Officer and Financial Implications**

- 6.1 There are no direct financial implications arising from this report. The work completed by Deloitte and Touche is part of the framework contract which was awarded to the London Borough of Croydon from 1 April 2012, in accordance with EU regulations. The costs of this contract are contained and managed within the Audit and Risk Management revenue budget.
- 6.2 The financial benefits to the Council of the work completed during 2013/14 as part of the ongoing tenancy fraud project will be realised as properties are recovered and returned to the Council's portfolio. The Audit Commission estimate 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. During the second quarter, seventeen Council properties were recovered, equivalent to a cost saving to the Council of £288k.
- 6.3 The financial benefits reported as part of the NFI exercise for blue badges and concessionary passes are based on the Audit Commission's assessment of the monetary value of £500 for each blue badge or concessionary pass. To date, the team's work to cancel 361 badges and passes where the recipient is deceased or no longer entitled to use it equates to a value of £180.5k.
- 6.4 Although the DWP's proposals for SFIS have not been finalised, there could be financial implications for the Council if certain types of benefits can no longer be investigated as the costs of any fraud could be borne by the Council. This should be kept under review as the proposals for SFIS are developed and implemented during 2014/15.

## **7. Legal Implications**

- 7.1 The Head of Legal Services has been consulted in the preparation of this report, and save for endorsing the comments of the Chief Financial Officer at paragraph 6.4, advises that there are no direct implications arising out of the report.

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

- 8.1 This report deals with how risks to service delivery are managed across all areas of the Council, which have an impact on various parts of the community. The report also contains details of how fraud investigation work is undertaken and pro-active fraud projects are managed. Improvements in managing risks and controls will therefore improve services the Council provides to all sections of the community.

## **9. Head of Procurement Comments**

- 9.1 Not applicable.





## 10. Policy Implications

- 10.1 There are no direct implications for the Council's existing policies, priorities and strategies. However, improving controls and reducing the opportunity for fraud to take place in the first place, and taking appropriate pro-active action to detect and investigate identified fraud will assist the Council to use its available resources more effectively.

## 11. Use of Appendices

- 11.1 Appendix A – Deloitte and Touche Progress report  
Appendix B – In-house Team – investigations into financial irregularities  
Appendix C – Council-wide disciplinary information  
Appendix D – Consultants employed by the Council as at 30 September 2013.  
Appendix E – SFIS and the implications for local authority fraud investigations  
Appendix F – Template letter

## 12. Performance Management Information

- 12.1 Although there are no national or Best Value Performance Indicators, key local performance targets have been agreed for Audit and Risk Management. These form part of Corporate Resources' reporting processes, but are detailed below for information. Table 1 below shows the targets for each key area monitored and gives a breakdown between the quarterly and cumulative performance.

Table 1

PI Ref.	Performance Indicator	2 <sup>nd</sup> Quarter	Year to date	Target
1	Audit work – Days Completed vs. Planned programme	99.5%	52.3%	95%
2	Priority 1 recommendations implemented at follow up	100%	100%	95%
3	Benefit fraud cases completed and accepted for prosecution	12	19	30
4	Benefit overpayments recovered (including POCA and confiscation awards)	£0.3k	£4.2k	£150k

## 13. Internal Audit work – Deloitte and Touche contract

- 13.1 The activity of Deloitte and Touche for the second quarter of 2013/14 to date is detailed at Appendix A. Deloitte and Touche planned to deliver 225 days of the 2013/14 annual audit plan (900 days) during the quarter and actually delivered 224 days audit work during the quarter. There are no issues identified at this stage to prevent the annual target from being met. Ongoing monthly contract monitoring reviews ensure that performance levels are kept under review.



13.2 Members of the Corporate Committee receive detailed summaries of all projects for which a final report has been issued on a monthly basis to allow for any issues to be considered in a timely manner. Appendix A provides a list of all final reports which have been issued during the quarter, together with detailed summaries of the findings and recommendations of those reports which received a 'limited' assurance rating.

13.3 Appendix A also provides detailed summaries of all recommendations which were previously recorded as outstanding at the time of the follow up audit work. Members have been monitoring the progress and implementation of these to ensure that managers were taking appropriate action to address outstanding recommendations. Four recommendations from 2011/12 remain outstanding, with only one high priority recommendation remaining as 'partly implemented'. Work is ongoing to address the recommendations and Internal Audit are satisfied that managers' actions to date are appropriate and cost effective to manage the lower priority risks facing the Council. Internal Audit will continue to monitor implementation of recommendations to ensure appropriate actions are taken to mitigate identified risks.

13.4 A summary of all follow up audits for 2012/13 work which have been undertaken is also included at Appendix A. We have followed up on 39 recommendations to date and found that 38 have been implemented and 1 is in progress. No Priority 1 recommendations remain outstanding. Overall, a compliance rate of 97% has been achieved for the second quarter.

#### **14. In-house Team: Fraud investigation/Pro-active work**

14.1 In accordance with the Council's Constitution, Internal Audit investigates all cases that fall outside the remit of the Housing Benefit Fraud Investigation Team and the Council's Information Security Policy. Appendix B details the individual cases that were completed by the In-house Team in the second quarter of 2013/14 relating to Council employees. The listing at Appendix B also includes any referrals made using the Council's whistle blowing policy which were investigated by Internal Audit. During the second quarter, no staff-related whistle blowing referrals were made.

14.2 Within the second quarter, four new cases relating to permanent and temporary employees were referred to Internal Audit by management. One case was completed during the quarter involving a Council employee. Internal Audit work closely with officers from personnel and the service involved to ensure that the investigation is completed as quickly as possible.

14.3 The section has been continuing to work with Homes for Haringey and the Strategic and Community Housing Service to target and investigate housing and tenancy fraud. The Audit Commission estimate that each fraudulent



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tenancy costs councils an estimated £18k in temporary accommodation and other associated costs.

14.4 As at 30 September 2013, 81 new referrals of suspected tenancy fraud have been received by the team during 2013/14. Together with 57 cases brought forward from 2012/13, this gives a current total of 139 referrals (148 received in total during 2012/13) and Table 2 below summarises the source of these referrals:

**Table 2**

<b>Referrals Received From:</b>	<b>Number</b>
Tenancy Management Officer	47
Fraudcall (email and freephone telephone)	14
Registered Providers	59
Members of the Public	3
Joint investigation with Housing Benefit Fraud	0
National Fraud Initiative	1
Police	0
Other Local Authority	1
Member	0
Haringey Staff	13
Home Office	1
<b>Total</b>	<b>139</b>

14.5 During the second quarter of 2013/14, eighteen Haringey properties have been recovered in total, plus six applications for Succession, or Grant of Tenancy, refused on evidence of ineligibility, so the tenancies can be allocated to tenants in accordance with the Council's lettings policy.

14.6 The section also works closely with the Council's key Registered Providers to target and investigate housing and tenancy fraud in joint working with Registered Provider staff. As at 30 September 2013, 30 new referrals of suspected tenancy fraud have been received and together with 29 cases brought forward from 2012/13, this gives a current total of 59 referrals to date.

14.7 As a result of the joint working, ten Registered Providers' properties have been recovered in the first quarter. Investigations have been closed in five cases with no fraud identified and are ongoing in 44 cases.

## 15. Housing Benefit Fraud Investigation

15.1 During the second quarter, the HB Fraud team completed investigations on thirteen benefit fraud cases and submitted these for prosecution at crown court via Legal Services, giving a total of twenty cases submitted in the year to date. Four cases submitted by the team to the DWP for joint prosecutions in 2011/12 are still to be heard. There are also seven cases with outstanding warrants which the team chase up on a regular basis.





15.2 The team achieved six successful prosecutions during the quarter and eleven to date, with a total overpayment value of £271.2k, although only £4.2k has been recovered to date. The team has an annual target of 30 prosecution cases for 2013/14, and this target is expected to be achieved.

#### **16. National Fraud Initiative**

16.1 The National Fraud Initiative (NFI) is a statutory biennial data matching exercise which is managed by the Audit Commission. Data from all local authorities and many other public sector organisations is matched to identify potential fraud. The resulting data matches are shared, via a secure website, to the Council to enable further investigations to take place. The initial data matches were made available to the Council in February 2013, although further results have been added in during the year. Work on the data matches began in March 2013. The NFI investigations run alongside and support the teams' existing pro-active and reactive counter-fraud work programmes.

16.2 During the second quarter, the Corporate Anti-Fraud and Housing Benefit Investigation teams have been continuing their investigations into the potential data matches provided by NFI. Work has been undertaken to investigate: payroll and pension payments, blue badges, housing benefits, right to buy, insurance claimants and housing tenants.

16.3 The Audit Commission identifies the total number of potential data matches for each area. Within this total, the Audit Commission further highlights a number of 'recommended' matches, within the total number of matches, which they consider to have the highest risk of potential fraud linked to them. The teams have focused on completing their investigations into the 'recommended' matches during the year to date, and has selected a further sample from the total matches for each area for investigation on a risk basis.

16.4 The Audit Commission visited Haringey Council on 27 September 2013 to review progress and discuss the Council's outcomes and approach to the NFI exercise to date. The Audit Commission reported that the council had made good progress on completing investigations on data matches and their comments will be reported to the Council's external auditors. Grant Thornton also review progress against NFI matches and discuss any potential issues with the Head of Audit & Risk Management throughout the year. No issues have been raised to date.

16.5 A summary of the NFI matches is detailed in Table 3 below. Further comments on some areas are also included below the table.



NFI area	Total Number of Matches identified	Total 'Recommended' Matches identified	Total number of investigations completed to date	Number of ongoing Investigations
Housing Benefits	8,282	2,001	1,975	889
Payroll	203	96	127	15
Pensions	208	61	166	3
Housing Tenants	353	141	80	31
Right to Buy	126	125	93	28
Insurance claimants	29	13	29	0
Blue badge permits	435	348	355	0
Concessionary Travel Passes**	1,066	1,066	270	796

\*\* Data matches received from Audit Commission August 2013

#### 16.6 Housing Benefits.

The Housing Benefit Fraud Investigation Team has identified:

- Housing benefits to payroll data, where the individual is employed by Haringey: eight frauds and 14 errors with a total benefit value of £151.7k. The identified frauds have used both internal disciplinary processes and criminal prosecutions proceedings;
- Housing benefits to payroll data, where the individual is employed by another organisation: two frauds and three errors with a total benefit value of £19.2k. Prosecution cases are being compiled in the two fraud cases;
- Housing benefits to pensions data, where the individual is receiving a pension from Haringey or another organisation: no frauds, but 18 errors have been identified and are being followed up; and
- Housing benefits to student loans: one fraud with a value of £1.7k has been identified. The DWP are leading on this area and will undertake proceedings.

#### 16.7 Payroll.

All recommended matches have been investigated and no fraud or errors have been identified. Further investigations on 15 cases are ongoing.

#### 16.8 Pensions.

All recommended matches have been investigated and two frauds and no errors have been identified. The estimated value of the frauds is £20.5k and follow up work is ongoing on these cases. Further investigations on 3 cases are ongoing.





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**16.9 Right to Buy.**

All recommended matches are being investigated and fraud or errors that have been identified are being followed up. Further investigations are ongoing.

**16.10 Insurance claimants**

All potential matches have been investigated. No fraud or errors were found.

**16.11 Blue badges/Concessionary Travel Passes**

The team collected 9 blue badges and cancelled 341 badges in total where the user was either deceased or no longer entitled to use the badge.

Concessionary Travel Pass matches were released to the Council in August 2013, and to date a further 270 passes have been cancelled as a result of the team's investigations.

**17. Council-wide disciplinary statistics**

17.1 Appendix C details the number of disciplinary suspensions and/or action taken in the second quarter of 2013/14. The data is taken from SAP and the information has been provided by the HR business unit in line with Council statistics reported elsewhere.

17.2 During the quarter, the number of disciplinary cases investigated was 32, with 18 remaining 'open' at the end of the quarter. The average length of time taken to resolve disciplinary cases in the quarter was 78 days, which is a slight decrease on the previous quarter. Internal Audit has not completed any further verification on the information provided by HR for this appendix.

**18. Consultants information**

18.1 Appendix D details the consultants employed by the Council during the second quarter. The data is taken from SAP and the information has been provided by the HR business unit. Internal Audit has not completed any further verification on the information provided by HR for this appendix.



**Internal Audit  
Quarter 2 Internal Audit Report  
2013/14  
London Borough of Haringey**

**Deloitte & Touche Public Sector Internal Audit Ltd.  
October 2013**



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## **Executive Summary**

### **Introduction**

This is our second quarter report to the Corporate Committee for the 2013/14 financial year including details of all reports which are now at final stage. The report provides information on those areas which have achieved full or substantial assurance and gives an indication of the direction of travel for key systems work which will provide Members with information on how risks are being managed over time. The format of this report is also designed to highlight the key risks facing individual departments and the Council which have been identified during the course of our internal audits. A more detailed summary of the limited assurance audit findings is included for information. The report draws together the summary information which is provided on a monthly basis to Members of the Corporate Committee. Members of the Committee will also be provided with full copies of our audit reports upon request.

All recommendations are agreed with Council officers, and any disputes are discussed prior to the final report being issued. All recommendations to address any control weaknesses highlighted within this report have been agreed. Officers' actions to address the recommendations, including the responsible officer and the deadline for completion, are fully detailed in the individual final audit reports.

The attached tables reflect the status of the systems at the time of the audit, and recommendations may already have been implemented by Council officers by the time the final report is issued and reported to the Corporate Committee.

As a reminder, our recommendations are prioritised according to the following categories:

- |                   |   |   |
|-------------------|---|---|
| <i>Priority 1</i> | - | major issues for the attention of senior management |
| <i>Priority 2</i> | - | other recommendations for local management action   |
| <i>Priority 3</i> | - | minor matters and/or best practice recommendations  |

### **Key Highlights/Summary of Quarter 2 2013/14 – Final Reports issued:**

#### **2012/13 Internal Audits finalised in the quarter:**

- Accounts Payable (Creditors);
- Transfer Processes - Academies;
- Continuous Assurance – Budget Virements;
- Continuous Assurance – Payroll;
- Corporate Savings Programme;
- Mayoral Community Infrastructure Levy; and
- Direct payments

**2013/14 Internal Audits finalised in the quarter:**

- Accounts Payable (Creditors);
- Transfer Processes - Academies;
- Continuous Assurance – Budget Virements;
- Continuous Assurance – Payroll;
- Corporate Savings Programme;
- Mayoral Community Infrastructure Levy; and
- Direct payments

**Delivery of 2012/13 Internal Audit Plan**

As part of the delivery of the 2012/13 Internal Audit Plan, we have also issued draft reports for the following audits:

- Framework-I Application;
- SAP Application;
- Authority ICON Application;
- Schools Licensed Deficit Arrangements;
- Procurement – Purchase Cards;
- Alternative Education Provision;
- Member Services;
- Procurement – Facilities Management; and
- Residential and Community Care Charges.

**Delivery of 2013/14 Internal Audit Plan**

As part of the delivery of the 2013/14 Internal Audit Plan, we have also issued draft reports for the following audits:

- Temporary Accommodation;
- Woodside Children's Centre;
- Pan London Prescription (Minor Equipment) Service;
- Pan London (Major Equipment) Service; and
- Data Quality.



**Follow Up of Prior Years' Recommendations**

The results of our follow-up work are as follows:

**2011/12**

Four recommendations remain outstanding; work is ongoing to address these.

**2012/13**

To date we have followed up 39 recommendations raised in 2012/13 and the results of our work are as follows:

- Implemented – 38 (97.4%);
- In Progress or partly implemented – 1 (2.6%);

As part of the 2013/14 Internal Audit Plan, we will continue to complete a follow-up of the 2012/13 recommendations throughout the financial year. The findings will be reported in our quarterly report to the Corporate Committee.

**DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2013/14**

**APPENDIX A**

**Audit Progress and Detailed Summaries**

The following table sets out the audits finalised in Quarter 1 of 2013/14 financial year and the status of the systems at the time of the audit. It must be noted that the recommendations may already have been implemented by Council officers by the time the final report is issued and reported to the Corporate Committee.

Detailed summaries of all audits which do not receive 'Full' or 'Substantial' assurance ratings are also provided for Members' information.

Audit Title	Date of audit	Date of Final Report	Assurance Level	Direction of Travel	Number of Recommendations (Priority)		
					1	2	3
<b>2012/13</b>							
Accounts Payable (Creditors)	January 2013	10/07/13	Substantial	↔	0	3	1
Transfer Processes – Academies	November 2012	29/07/13	Limited	N/A	1	3	0
Continuous Auditing - Payroll	April 2013	22/08/13	Substantial	N/A	0	1	0
Corporate Savings Programme	June 2013	29/08/13	Substantial	↔	0	4	0
Continuous Auditing – Budget Virements	April 2013	29/08/13	Substantial	N/A	0	3	0
Mayoral Community Infrastructure Levy	May 2013	06/09/13	Limited	N/A	2	3	0
Direct payments	Feb-July 2013	30/09/13	Substantial	N/A	0	4	0
<b>2013/14</b>							
Framework-I Application	May 2013	22/07/13	Substantial	N/A	0	1	3
SAP Application	June 2013	22/07/13	Substantial	N/A	0	3	0
Authority ICON Application	June 2013	29/07/13	Substantial	N/A	0	4	2
Schools Licensed Deficit Arrangements	June 2013	22/08/13	Substantial	N/A	0	2	0
Procurement – Purchase Cards	July 2013	04/09/13	Substantial	N/A	0	1	0
Alternative Education Provision	May 2013	04/09/13	Limited	N/A	1	3	0

**DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2013/14**

**APPENDIX A**

Audit Title	Date of audit	Date of Final Report	Assurance Level	Direction of Travel	Number of Recommendations (Priority)		
					1	2	3
Member Services	June 2013	26/09/13	Substantial	N/A	0	1	3
Procurement – Facilities Management	May 2013	30/09/13	Substantial	N/A	0	7	0
Residential and Community Care Charges	June 2013	30/09/13	Substantial	N/A	0	2	1

As part of the 2012/13 Internal Audit Plan we have visited the following schools, completed a probity audit and during Quarter 2 issued a final report.

School	Date of Audit	Report Date	Assurance Level	Number of Recommendations (Priority)		
				1	2	3
<b>2013/14</b>						
Blanche Nevile Special School	May 2013	10/07/13	Limited	5	4	1
West Green Primary School	July 2013	03/09/13	Limited	3	4	0
Welbourne Primary School	July 2013	26/09/13	Substantial	1	10	1

As part of the 2013/14 Internal Audit Plan we have visited the following schools during Quarter 2 and completed a probity audit, for which a draft report has been issued.

- Alexandra Primary School;
- Earham Primary School;
- Ferry Lane Primary School;
- Stamford Hill Primary School;
- Stroud Green Primary School; and
- Tiverton Primary School.



Audit area	Scope	Status/key findings	Assurance
<p><b>Mayoral Community Infrastructure Levy 2012/13</b></p>	<p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> <li>• Compliance with national and local requirements;</li> <li>• Mayoral CIL;</li> <li>• Allocation; and</li> <li>• Monitoring and review.</li> </ul>	<p><b>PLACE &amp; SUSTAINABILITY</b></p> <p>Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The level of non-compliance puts the client's objectives at risk.</p> <p>The key findings are as follows:</p> <ul style="list-style-type: none"> <li>• Community Infrastructure Levy (CIL) Statutory Instrument provides guidance on the procedures for collecting the levy and training is also provided to relevant staff. Discussion with planning officers, however, established that the procedures are not clearly understood. In addition, discussion with the Head of Business Developments and Technical Support established that although clarifications are provided and agreed at the TFL CIL implementation group, these may not be effectively communicated back to all relevant staff;</li> <li>• Examination of 10 CIL liability cases established that: <ul style="list-style-type: none"> <li>• In one case, it was unclear whether the CIL was accurately calculated as the drawing plans did not clearly identify the new area developed;</li> <li>• In one case, the amount calculated of £22,325 was incorrectly recorded in the Officer's Report as £22,235; and</li> <li>• In one case, the gross external area was used for the calculation instead of the gross internal area leading to an overcharge of £350 (10 m2*£35);</li> </ul> </li> <li>• An inconsistent approach was adopted by the different planning officers, whereby some officers used the Council calculations and other officers used the calculations provided by the applicant;</li> <li>• There was no evidence that the calculations are checked and independently verified by a Team Leader or a Manager. It is acknowledged that the Team Leader would look at the calculation when reviewing the Officer's Report or Planning Sub-Committee Report. A CIL calculation sheet has been developed but this was not completed and signed off in all 10 cases sampled; and</li> <li>• Supporting data for management information is inaccurate.</li> </ul>	<p><b>Limited</b></p>

Audit area	Scope	Status/key findings	Assurance
		<p>As a result of our audit work we have raised two Priority 1 and three Priority 2 recommendations, which should assist in improving the control environment.</p> <p>The Priority 1 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>• The exceptions identified as a result of our sample testing of 10 Mayoral CIL applications should be investigated and rectified. Managers should identify the reasons for the errors found and should follow these up with the relevant individual planning officers.</li> <li>• A consistent approach to calculating CIL should be agreed and communicated to all staff. If it is decided to use the applicant data, a variance threshold should be set and communicated to all planning officers. Management should periodically check that the approach is used consistently by all planning officers.</li> </ul> <p>The Priority 2 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>• The clarifications and agreed approach discussed at the TFL CIL implementation group should be regularly communicated back to all relevant staff through a formal and consistent process. Consideration should also be given to revising the training strategy to ensure that procedures are effectively explained and understood.</li> <li>• Management should implement a process for the CIL calculations to be independently checked by a second officer and confirmed as being complete and accurate. This could be completed by signing off the CIL calculator sheets which should be used in all cases.</li> <li>• Monitoring reports for management should be scrutinised to ensure that the supporting data is valid and accurate. Assurances regarding the accuracy of management reports can be provided by the Head of Service or the Assistant Director.</li> </ul>	

Audit area	Scope	Status/key findings	Assurance
<p><b>Transfer Processes - Academies 2012/13</b></p>	<p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> <li>• Governance arrangements;</li> <li>• Asset management;</li> <li>• Expenditure and payments;</li> <li>• Monitoring, review and reporting arrangements; and</li> <li>• Compliance with statutory requirements.</li> </ul>	<p style="text-align: center;"><b>CHILDREN &amp; YOUNG PEOPLE'S SERVICE</b></p> <p>Weaknesses in the system of internal controls are such as to put the client's objectives at risk.</p> <p>The introduction of the Academies Act 2010 resulted in six Haringey schools obtaining to academy status which are:</p> <ul style="list-style-type: none"> <li>• Woodside High and Alexandra Park Secondary Schools at the instigation of the School; and</li> <li>• Downhills, Nightingale, Coleraine Park, and Noel Park Primary Schools at the instigation of the Secretary of State.</li> </ul> <p>Some Academies, generally those set up to replace underperforming schools, will have a sponsor whose vision and leadership are vital to each project. The Council plans to work with the sponsors of these schools. Academies receive their funding directly from the Education Funding Agency (EFA). Although many of the services provided by the Council ceases upon the Schools becoming Academies, the Academies may buy into services under a service level agreement with the Council.</p> <p>There is no statutory requirement for any formal relationship between the Council and Academies beyond that which is required for the delivery of the Local Authority's (LA) statutory duties such as the making and reviewing of special educational needs (SEN) statements and securing sufficient education in an area and provision of home-to-school transport for eligible children. The Academies Act allows for the LA to request that one LA governor is included within the governance structure for an Academy.</p> <p>The key findings are as follows:</p> <ul style="list-style-type: none"> <li>• Standard documentation has been produced by the Department for Education (DfE) for the Academy conversion process. This includes a Funding Agreement and a 125 year Lease and Commercial Transfer Agreement (CTA);</li> <li>• The Funding Agreement for each Academy is between the DfE and the relevant Academy Trust. As the Council is not a party to this agreement, a copy of the agreement was not held by the Council for the two Academies examined (Alexandra Park Secondary and Noel</li> </ul>	<p><b>Limited</b></p>

Audit area	Scope	Status/key findings	Assurance
		<p>Park Primary);</p> <ul style="list-style-type: none"> <li>• Annex B and C of the Funding Agreement require compliance with the Schools Admissions Code and compliance with respect to children with Special Educational Needs. As these could not be provided, we are unable to confirm that these are satisfactorily covered;</li> <li>• While there was a Project Steering Group for the Noel Park Primary conversion, there was no formal group established for the Alexandra Park Secondary conversion, and it was noted that minutes were available for only one meeting of the Noel Park Primary Project Steering Group;</li> <li>• The membership of the Haringey Schools Forum has been kept under review and has been amended to include Academy representation. Originally in September 2011, this was the Grieg City Academy, but current Academy representation is the Grieg City Academy and Alexandra Park Secondary;</li> <li>• The School's premises were leased to the Academy Trust on a 125 year lease with the premises identified through the inclusion of a map. It was noted that the former Caretaker's House for Noel Park Primary School was specifically excluded;</li> <li>• While it was noted that the maintained school bank accounts for Alexandra Park Secondary and Noel Park Primary Schools had been closed, the account for Alexandra Park School was closed in December 2012, subsequent to the September 2012 conversion date;</li> <li>• Schedule 3 of the Commercial Transfer Agreement (CTA) specifies the assets held by the School on site on the conversion date to be transferred to the Academy, excluding the freehold title of the land;</li> <li>• Schedule 2 of the CTA specifies the contracts to be transferred to the Academy. While Alexandra Park Secondary detailed individual contracts, the Noel Park Primary CTA only specified contracts in place at the date of conversion;</li> <li>• Schedule 1 of the CTA specifies the staffing information requirements to transfer while Schedule 5 specifies the detail of staff to transfer. It was noted that the Noel Park Primary School CTA did not specify the</li> </ul>	

Audit area	Scope	Status/key findings	Assurance
		<p>individual staff that will be transferred;</p> <ul style="list-style-type: none"> <li>• There is a Private Finance Initiative (PFI) agreement covering Secondary Schools. While the DfE issued a letter that they have at present no plans to review payments to LAs in respect of PFI contracts, should a decision be made, they will only agree to convene a meeting to discuss how such a shortfall would be met. Assurance and an indemnity were requested by the Lead Finance Officer but none was received. Corporate Finance is aware of the risk but it would be incorrect to propose a provision in the accounts as it is not possible to identify an amount with any certainty. It also is by no means certain that the Government will withdraw funding; on that basis a contingent liability is also not appropriate;</li> <li>• It was noted as a requirement that the Localism Act 2011 requires LA to maintain a register of community assets, and allows community groups a right to submit a bid for the use of such assets in the event that they are to be sold. In the event that a school is to transfer to an Academy, this would be a community asset and could trigger a bid by a community group;</li> <li>• It was stated that School Improvement Meetings review performance at all schools, covering all aspects of the school. This will in the future cover the Academies. However, minutes of such meetings have not been provided;</li> <li>• It was stated that the Deputy Director (Prevention and Early Intervention) holds regular update meetings with the Academy Trusts to resolve any issues between the Trust and Council. Confirmation of these meetings was requested but no records have been provided to date; and</li> <li>• Annex B and C of the DfE model Funding Agreement require compliance with the Schools Admissions Code and compliance with respect to children with Special Educational Needs. As these could not be provided, we are unable to confirm that these are satisfactorily covered.</li> </ul> <p>As a result of our audit work we have raised one Priority 1 and three</p>	



Audit area	Scope	Status/key findings	Assurance
		<p>Priority 2 recommendations, which should assist in improving the control environment.</p> <p>The Priority 1 recommendation is as follows:</p> <ul style="list-style-type: none"> <li>• The Council should request a copy of the agreed Funding Agreement between the DfE and each Academy Trust and review to confirm that it follows the model version included in the Schedules.</li> </ul> <p>The Priority 2 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>• A formal Project Group should be established to manage the process of transfer of a school from maintained to Academy status. The Project Group should meet (at least) once every month. The group should develop a Project Plan to identify all tasks to be completed for a satisfactory Academy transfer, with responsibility for each task appropriately assigned;</li> <li>• The closure of maintained school bank accounts should be completed before conversion of the School to an Academy. Documentation should be obtained and retained to confirm that the account has been satisfactorily closed. Responsibility for closure should be clearly assigned within a Project Plan; and</li> <li>• The CTA Schedule should define all staff by name, position, age, years' service, grade, and pension status, that exists at the School and are to be transferred.</li> </ul>	
<p><b>Alternative Education Provision 2013/14</b></p>	<p>Audit work was undertaken to cover the following areas:</p> <ul style="list-style-type: none"> <li>• Compliance with statutory &amp; local requirements;</li> <li>• Governance;</li> <li>• Information management;</li> <li>• Assessment of student needs;</li> <li>• Contracting and contracts;</li> <li>• Expenditure; and</li> <li>• Performance.</li> </ul>	<p>Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The level of non-compliance puts the client's objectives at risk.</p> <p>The key findings are as follows:</p> <ul style="list-style-type: none"> <li>• Quality assessments of service providers are completed through a framework developed by the North London Strategic Alliance (NLSA);</li> <li>• Alternative Provision Service officers attend periodic meetings of the NLSA;</li> <li>• An initial Service Proposal was developed setting out the rational and purpose of the Virtual Roll pilot, to identify and place in specialist providers those students received into the Borough in-year for who a</li> </ul>	<p><b>Limited</b></p>

Audit area	Scope	Status/key findings	Assurance
		<p>normal maintained school place cannot be found due to their needs and the lack of school places at KS4 in the borough;</p> <ul style="list-style-type: none"> <li>• A standard template is used for the Alternative Education Assessment Report, which includes an assessment overview for the client and include recommendations, where appropriate;</li> <li>• There is no section on the standard assessment report template which requires a signature and date from the assessing officer, and as a result the reports are not signed off;</li> <li>• Individual students are referred to the Alternative Provision Service on a monthly basis by the Admissions Service;</li> <li>• A record of students referred to the Service is maintained on a Virtual Roll tracker;</li> <li>• An individual student folder containing all data related to that student is maintained on the Alternative Provision shared drive, although for one of five students sampled, this had not been set up, though there was evidence that information on the students was retained but not in the designated folder;</li> <li>• An individual student reference number (UP Number) is allocated to identify each student;</li> <li>• No formal notice is issued to service providers to confirm services to be provided to individual students;</li> <li>• Examination of an invoice dated 28.12.2013 for £21,253.34 from the College of Haringey, Enfield and North East London to the Octagon found that although the invoice was authorised for payment, there is no evidence of certification of the invoice to confirm the checks being completed to confirm the accuracy of the details included therein;</li> <li>• Provider invoices are paid pro-rata for the period the student is placed for each term, apart from CoNEL. They invoice for the whole of the Autumn Term regardless of whether the student was there for the whole term or part, and then pro-rata for subsequent terms. This is accepted by the service on the need to place individual students in a course of education; and</li> <li>• Standard contracts and service level agreements have been drafted,</li> </ul>	

Audit area	Scope	Status/key findings	Assurance
		<p>although it was noted that no contract has of yet been formally entered into due to the service being a pilot study.</p> <p>As a result of our audit work we have raised one Priority 1 and three Priority 2 recommendations, which should assist in improving the control environment.</p> <p>The Priority 1 recommendation is as follows:</p> <ul style="list-style-type: none"> <li>Irrespective of whether the service continues as a pilot scheme or is formally implemented, it should be ensured, as a matter of urgency, that a signed contract is in place with all providers used by the Council for the provision of alternative educational services. All signed contracts should then be recorded in the corporate contract register for monitoring purposes.</li> </ul> <p>The Priority 2 recommendations are as follows:</p> <ul style="list-style-type: none"> <li>The standard template used for the Alternative Education Assessment Report should include a section requiring a signature and date from the assessing officer. A memo should be communicated to all relevant officers involved in the assessment process advising them of the requirement to sign and date the report.</li> <li>A process should be implemented immediately for the communication by the Council to the service provider of a formal notice of the specific services to be provided to individual students, based on their needs assessment. A copy of the notice should be forwarded to the student's parents or carers, as well as to the Octagon. Furthermore, management should consider obtaining written confirmation from the student's parents or carers of their acceptance of the choice of service providers.</li> <li>On completion of the checking of the validity of all service provider invoices against expected students, agreed courses and student attendance the invoices should be signed off and dated by the Inclusion Manager to confirm completion of the check, prior to the invoices being authorised for payment by the relevant budget holder.</li> </ul>	

Detailed Progress Report – Outstanding Recommendations 2011/12

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
<b>CORPORATE RESOURCES – KEY FINANCIAL SYSTEMS</b>				
<b>Accounts Receivable (Sundry Debtors)</b>				
1	<p>The Debt Recovery procedure should be reviewed and amended, where required. The review should include an assessment of required timescales within the debt recovery process.</p> <p>Following the review, the Debt Recovery procedure should be formalised and implemented and should include KPIs for the Debt Recovery process.</p> <p>Periodic sample checks should be completed to confirm compliance with the procedure and the KPIs.</p> <p>This recommendation incorporates and re-raises the 2010/11 recommendation.</p>	2	September 2011	<p><b>Partly Implemented</b></p> <p><b>Management Update March 2013:</b></p> <p>The draft procedures were published to reflect the move to a Corporate Debt Management (CDM) structure and described the proactive collections activity being undertaken to achieve collection.</p> <p>In terms of the SAP dunning process, which includes the 30 day timescales, the “as is” position was adopted into the revised procedures as this requires amendments to the SAP system. Given the current restrictions in place on SAP development this will be addressed as part of the OneSAP project.</p> <p><b>Revised Deadline:</b> 31 December 2013</p>
<b>PROCUREMENT AUDIT</b>				
<b>HAYS Resource Management</b>				
2	<p>The HR team should request that HAYS Resources:</p> <ul style="list-style-type: none"> <li>• Disclose the hidden information supporting the graphs within the monthly Headline Report;</li> <li>• Incorporate the job position numbers into the Headline Report; and</li> <li>• Ensure agency release forms are not processed without the job number included.</li> </ul>	2	October 2011	<p><b>In Progress</b></p> <p><b>Management update as at January 2012</b></p> <p>The new vendor system, Hays 3SS was due to go live on 7 January 2012. Notes and updates on the new system were circulated by the Head of HR Services to managers on 6 January 2012. It was expected that the implementation of the new system would result in the position and job numbers being made</p>

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2013/14

APPENDIX A

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
				<p>mandatory fields and in managers being able to produce their own reports to extract performance data from Hays 3SS.</p> <p>The system was piloted for a period of two weeks from 7-22 January 2012, prior to its expected full release. However, there were issues identified during the piloting stage. A meeting was held between the relevant Council officers and Hays on 20 January 2012 to review progress with the implementation phase and discuss the issues identified.</p> <p>However, subsequent to the meeting a decision was made by management to defer the implementation of the new system until further consideration is given to the issues and until the Council's IT systems are upgraded, as required, and further testing carried out. The decision was taken to continue with the Hays Workflow system until a technical solution is found and implemented with regards to Hays 3SS.</p> <p>Through discussions with management, we had identified that only one officer within HR had access to the Hays 3SS system, while it was being piloted.</p> <p>The controlled two week pilot revealed technical issues which we cannot overcome at this point in time. In view of this, Hays have rolled us back to the Hays Workflow system. The existing process on Workflow remains unchanged.</p> <p>The timing of further testing and implementation of Hays 3SS will be dependent on the outcome of discussions with Hays and the resolution of technical issues.</p> <p><b>Human Resources Update August 2013</b></p> <p>The contract has been awarded to Hays. Discussions are scheduled to start mid September to plan the implementation of the Hays 3SS system. <b>Revised deadline: September 2013</b></p>



Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
				<p><b>HR Update October 2013:</b></p> <p>The Hays 3SS system is in the process of being implemented and is expected to go live on 18 November 2013. We will need to wait until the system is running before starting to address the issues raised in the recommendation, including inclusion of the relevant information in the reports. We plan to meet with Internal Audit in Mid January 2014 to discuss this and we will then provide an indication of the timescale for the full implementation of the recommendation.</p>
3	The Balance Scorecard and Headline Report provided by HAYS Resources should be aligned to include information provided for management review in the same format. Any variation should be explained.	2	November 2011	<p><b>In Progress</b></p> <p><b>HR Update October 2013</b></p> <p>As above</p>
<b>CHILDREN AND YOUNG PEOPLES SERVICE</b>				
<b>South Grove Children's Centre</b>				
4	<p>The following documents should be presented to the Children's Centre Committee for review and approval:</p> <ul style="list-style-type: none"> <li>• Revised Internal Scheme of Financial Delegation;</li> <li>• Centre Development Plan for 2011/12; and</li> <li>• Haringey Schools Financial Manual.</li> </ul> <p>The approval should be recorded in the minutes of the relevant Committee meeting.</p> <p>The Committee should then formally advise the Governing Body with regards to acceptance of the documents. Governing Body approval should be recorded in the minutes of the relevant meeting.</p> <p>Furthermore, a process should be implemented for the</p>	1	July 2012	<p><b>Partly Implemented</b></p> <p><b>Management Update as at June 2013:</b></p> <p>OFSTED, when visiting in October 2012, recommended that we re-structure our GB committees so that Children's Centre comes under the full general GB and relevant sub-committees. We therefore no longer have a separate Children's Centre Committee.</p> <ol style="list-style-type: none"> <li>1. Scheme of delegation minuted and approved GB meeting 7 Feb 2013.</li> <li>2. Haringey Schools Financial Manual - minuted as such on 7 March 2013.</li> <li>3. Last children's Centre Committee was held on 18 April 2012. Children's Centre Plan was approved here. A 13/14 plan cannot be finalised until the LA SLA meetings have set our</li> </ol>

DELOITTE INTERNAL AUDIT - QUARTERLY AUDIT REPORT 2013/14

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Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
	<p>continued relevance of all documents affecting the governance of the Centre to be confirmed by the Children's Centre Committee.</p>			<p>targets. We are awaiting the LA and anticipate this to be done by the end of July 2013.</p> <p>4. Documents: The school and Children's Centre have a combined spreadsheet that lists the policies that are in place and their expiry dates. This list is used when preparing policy and document updates for Governing Body meetings.</p> <p><b>Management Update as at 24 July 2013:</b> The targets for the Children's Centre will be agreed by the Local Authority on 30 July 2013, following which the 2013/14 Plan will be finalised.</p> <p><b>Management Update as at 22 October 2013:</b> Provisional targets have been agreed with the Local Authority but these have not yet been finalised. We are waiting to hear from the LA as to when this will happen.</p> <p><b>Internal Audit Comments:</b> The Local Authority's Early Years Manager has confirmed that the final targets will be communicated on 25 October 2013. We will allow time for the Children's Centre to finalise their 2013/14 Development Plan, for approval by the Governing Body, and we will provide an update in our next report to Corporate Committee.</p>

Follow Up Table – 2012/13 Audit Work

AUDIT AREA	Assurance Level	Recommendations													Priority 1 Recs. Outstanding					
		Category			Implemented				N/A			In Progress	Not due							
		1	2	3	1	2	3	Total	Total	Total										
<b>Corporate Resources – Key Financial Systems</b>																				
Revenues, Benefits & Customer services Integration	Substantial	0	1	0	1	0	1	0	1	0	1	0	0	0	0	0	0	0	0	0
<b>Corporate Resources – Procurement</b>																				
Contract Monitoring Procedures	Substantial	0	3	0	3	0	3	0	3	0	3	0	0	0	0	0	0	0	0	0
Use of 'Compete For' Portal & Quotation Process	Substantial	0	2	1	3	0	2	1	3	0	2	1	3	0	0	0	0	0	0	0
<b>Place &amp; Sustainability</b>																				
Haringey Public Mortuary	Limited	3	5	1	9	3	5	1	9	0	3	1	9	0	0	0	0	0	0	0
Parking Services: Car Pound	Substantial	0	1	0	1	0	1	0	1	0	1	0	1	0	0	0	0	0	0	0
Illegal Money Lending	Substantial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Adult and Housing Services</b>																				
Homelessness Assessment Processes	Substantial	0	1	1	2	0	1	1	2	0	1	1	2	0	0	0	0	0	0	0
Decent Homes Programme	Substantial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Adult & Housing Risk Register Testing	Full	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Occupational Therapy Service	Substantial	0	1	0	1	0	1	0	1	0	1	0	1	0	0	0	0	0	0	0
Court of Protection and Deputyship	Substantial	0	2	1	3	0	2	1	3	0	2	1	3	0	0	0	0	0	0	0
<b>Chief Executive – People and Organisational Development</b>																				
Declarations of Interest	Limited	1	2	0	3	1	2	0	3	1	2	0	3	0	0	0	0	0	0	0
Gifts and Hospitality	Limited	1	2	1	4	1	2	1	4	1	2	1	4	0	0	0	0	0	0	0

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AUDIT AREA	Assurance Level	Recommendations													Priority 1 Recs. Outstanding	
		Category			Implemented				N/A	Not Imp.	In Progress	Not due				
		1	2	3	Total	1	2	3					Total			
Data Quality	Substantial	0	1	0	1	0	0	0	0	0	0	0	0	1	0	0
Health & Safety	Limited	3	3	0	6	3	3	0	6	0	0	0	0	0	0	0
<b>Public Health</b>																
Smoking Cessation Programme	Substantial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Health Checks Programme	Substantial	0	2	0	2	0	2	0	2	0	0	0	0	0	0	0
<b>Total</b>		<b>8</b>	<b>26</b>	<b>5</b>	<b>39</b>	<b>8</b>	<b>25</b>	<b>5</b>	<b>38</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	

**Implemented** – officers have indicated through self-certification the progress of recommendations. We have verified a sample of responses.  
**N/A** – the recommendation is no longer applicable due to changes in the system, or alternative action has been taken to address the risk.  
**Not implemented** – the recommendation has not been addressed, alternative action has not been taken.  
**In Progress** – officers have started implementation of recommendations

Detailed Progress Report – Outstanding Recommendations 2012/13

Ref	Recommendation	Priority	Original Implementation Deadline	Progress/Status
<b>CHIEF EXECUTIVE</b>				
<b>Data Quality</b>				
1	The Data Quality Policy should be reviewed annually, updated where necessary and made available to staff. Evidence of this should be retained e.g. through the use of version control.	2	7 September 2012.	<p><b>In Progress</b></p> <p>The Performance Manager has confirmed that while work has been undertaken to review the Data Quality Policy, this has not yet been completed due to the service waiting on the results of the Government consultation on transparency which it expected to incorporate within policy, and the requirement to complete Children Service statutory returns by the end of July 2013. The results of the Government review are expected to be produced soon, and following this, it is anticipated that the policy will be updated by the end of September 2013.</p> <p><b>Revised deadline 30 September 2013.</b></p> <p><b>Management Update October 2013:</b></p> <p>The Data Quality policy has been updated to take account of changes since 2012. It references that following publication of the Government Consultation by CLG expected sometime in the Autumn that our approach to data transparency will be outlined in a Data Transparency Policy statement. The DQ Policy has been scheduled to go to the next Information Governance Board for approval but in the meantime will be published on the intranet and made available to staff. The dates of review and approval of the Policy will be recorded and updated on the latest version of the Policy before publication.</p> <p><b>Timescale:</b> Policy updated by 17/10/2013, to be approved by Information Governance Board at their next meeting and published on the intranet by 31/10/2013.</p>



## **Statement of Responsibility**

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of internal audit work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Auditors, in conducting their work, are required to have regards to the possibility of fraud or irregularities. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our audit work and to ensure the authenticity of these documents. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system. The assurance level awarded in our internal audit report is not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.

**Deloitte & Touche Public Sector Internal Audit Limited**

**London**

**October 2013**

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APPENDIX B  
IN HOUSE AUDIT – IRREGULARITIES INVESTIGATED 01/04/13- 31/03/14 & B/F FROM 2012/13

Directorate	Irregularity Type	No. of cases investigated	No. of cases proven at 30/09/2013	No. of Officers subject to Disciplinary Investigation	Disciplinary Outcome	Value (£) (if known)
Assistant Chief Executive	Allegation of running a private business in work time	1	1	1	Dismissed	
Children and Young People's Service	Allegation of Benefit Fraud	5	5	5	1 x Final Written Warning 1 x Dismissal 3 x Pending Disciplinary Action	£108,160
Adults and Housing	Allegation of contribution to irregular benefit claim B/F 2012/13	1	1	1	Dismissed Appeal Lodged	
	Allegation of Irregular Time Keeping B/F 2012/13	1	1	1	Standard Setting undertaken	
Place and Sustainability	Allegation that right to remain in the UK has expired	1	1	1	Dismissed Appeal Lodged	
<b>TOTAL</b>		<b>9</b>	<b>9</b>	<b>9</b>		<b>£108,160</b>



## Haringey Council – Audit Committee

### Disciplinary Case Analysis July 2013 to September 2013

#### Introduction

The information in this report is taken from SAP, covering the period July 2013 – September 2013.

The data is based on Haringey Council employees who

- hold Permanent, Temporary or Fixed Term Contracts

Note that this data excludes:

- Casual or Sessional Workers
- Schools
- Agency Workers

Legend	
Adults & Housing	AS
The Children & Young People's Service	C
Chief Executive	CE
Corporate Resources	CR
Public Health	PH
Place & Sustainability	PS
Strategy & Performance	SP
Haringey Council	HGY

The Council's Disciplinary Procedure is considered as a tool to assist in good management and not solely as a means of imposing sanctions or setting out procedures leading to dismissal.

The procedure aims to:

- Allow managers to address issues of unsatisfactory conduct and seek improvements in behaviour
- Ensure that employees covered by the procedure are treated fairly and consistently
- Ensure that proper and adequate procedures are observed before any disciplinary decisions are taken
- Help and encourage all employees to achieve and maintain standards of conduct, attendance and job performance
- Maintain discipline essential to the delivery of high quality services
- Protect the health, safety and well being of staff, service users and members of the public
- Safeguard the integrity and good reputation of the Council  
(*Disciplinary Procedure September 2012*)

## Disciplinary Cases

This section looks at the number of formal actions taken against employees under the disciplinary procedure.

Disciplinary Cases by Directorate				
Directorate	Cases Open	Cases Closed	No of cases	No of employees
AS	6	8	14	10
C	4	3	7	7
CE	0	2	2	2
CR	0	0	0	0
PH	0	0	0	0
PS	8	1	9	9
SP	0	0	0	0
<b>Total</b>	<b>18</b>	<b>14</b>	<b>32</b>	<b>28</b>

Please note that the total number of cases is 32, but this only represents 28 employees. The reason being is that one employee can have more than one case in the same period. For example, an employee's dismissal could count as one case and their appeal as another.

- **Adults & Housing** has the highest percentage of disciplinary cases against its workforce at 1.5% in this quarter

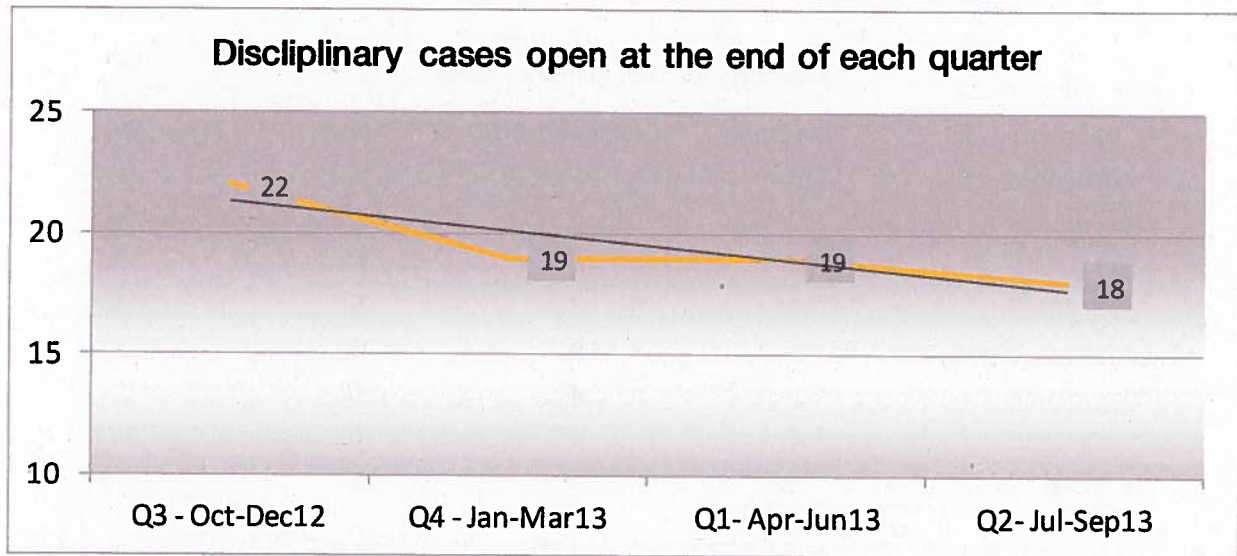
The following table looks at the stages of Disciplinary cases.

Stages of Disciplinary Cases				
Stage	Cases Open	Cases Closed	Total	%
Invest. - not suspended	3	5	8	25
Invest. - suspended	10	9	19	59
ET	1	0	1	3
Appeal	4	0	4	13
<b>Total</b>	<b>18</b>	<b>14</b>	<b>32</b>	<b>100</b>

- 18 cases remain 'open' at the end of this quarter.



The following graph looks at the number of disciplinary cases open each quarter.



The following table identifies the outcomes of the 14 cases that were closed in this period.

Disciplinary Case Outcomes						
Outcome	Invest. - not suspended	Invest. - suspended	Invest. - appeal	Invest. - ET	Total	%
Compromise agreement	0	0	0	0	0	0
Dis. Appeal Dismissed	0	0	0	0	0	0
Dis. Appeal Part Upheld	0	0	0	0	0	0
Dis. Appeal Upheld	0	0	0	0	0	0
Dis. Appeal Withdrawn	0	0	0	0	0	0
Dis. Dismissal	0	3	0	0	3	21
Dis. ET Dismissed	0	0	0	0	0	0
Dis. ET Withdrawn	0	0	0	0	0	0
Dis. Final Written Warning	0	0	0	0	0	0
Dis. No Action	4	3	0	0	7	50
Dis. Other	0	0	0	0	0	0
Dis. Relegation/Demotion	0	0	0	0	0	0
Dis. Resigned	0	0	0	0	0	0
Dis. Verbal Warning	0	0	0	0	0	0
Dis. Warning & Sanction	0	2	0	0	2	14
Dis. Written Warning	1	0	0	0	1	7
Escalated to next stage	0	0	0	0	0	0
Suspension Lifted	0	1	0	0	1	7
<b>Total</b>	<b>5</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>100</b>

This table displays reasons for Disciplinary action against employees.

Reasons for Disciplinary Cases				
Reason	Cases Open	Cases Closed	Total	%
Assault	0	1	1	3
Attendance	0	0	0	0
Behaviour	6	5	11	34
Fraud / Theft	5	0	5	16
Misuse of resources	1	2	3	9
Negligence	2	4	6	19
Other	4	2	6	19
<b>Total</b>	<b>18</b>	<b>14</b>	<b>32</b>	<b>100</b>

- The highest cause for disciplinary action was for Behaviour at 34% and Other Reasons at 19%

This table looks at the ethnic breakdown and gender split for Disciplinary cases

Disciplinary Case employee representation by Ethnicity and Gender						
Ethnic Class	Female		Male		All	
	Total	%	Total	%	Total	%
B A M E	12	55	10	45	22	79
White	2	40	3	60	5	18
Not Declared	1	100	0	0	1	4
<b>Total</b>	<b>15</b>	<b>54</b>	<b>13</b>	<b>46</b>	<b>28</b>	<b>100</b>

- 32% of the workforce is male, but the male representation with disciplinary cases is higher at 46%
- 37.8% of the workforce is female BAME, but the female BAME representation with disciplinary cases is higher at 55%

The following table looks at the ethnic breakdown across grade bands.

Disciplinary Case employee representation by Ethnicity and Grade Band (T = Total no. in grade band, WF = % of total disciplined employees)													
HGY	Ethnic Group	SC1-SC5		SC6-SO2		PO1-PO3		PO4-PO7		PO8+		TOTAL	
		T	WF	T	WF	T	WF	T	WF	T	WF	T	WF
	B A M E	8	29	6	21	4	14	4	14	0	0	22	81
	White	2	11	2	7	0	0	1	4	0	0	5	19
	<b>Total</b>	<b>10</b>	<b>39</b>	<b>8</b>	<b>28</b>	<b>4</b>	<b>14</b>	<b>5</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>27</b>	<b>100</b>

\* 1 employee in grade band SC1-SC5 did not declare their ethnicity

## Suspensions

This table shows a summary of suspension cases.

Summary of Suspension Cases	
Case status	Total
No. of cases heard	10
No. of cases not concluded	9
No. of cases not concluded - leaver	0
Total	19

## Timescales (no of days) of Suspension Cases

The table below looks at the 19 suspension cases and identifies the no. of working days each case has taken. If a case has not concluded by the end of the quarter, the number of working days is calculated from the start date of the suspension to the end of the quarter.

The table also identifies by directorate, the average number of days suspension for all cases, the maximum days for a single case and the number of cases heard within that period.

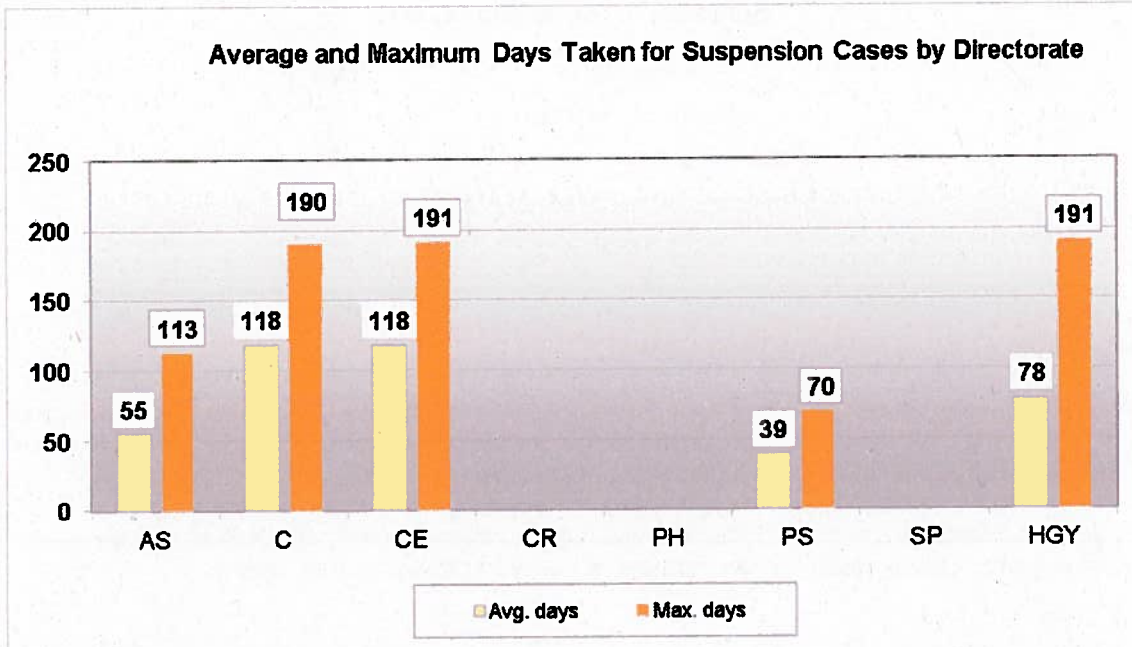
Timescales (no of days) of Suspension Cases										
Directorate	1-60	61-120	121-180	181-240	240+	Total cases	Total days	Avg. days of total cases	Max. Days	Total cases heard
AS	4	3	0	0	0	7	387	55	113	5
C	1	2	2	1	0	6	708	118	190	2
CE	1	0	0	1	0	2	236	118	191	2
CR	0	0	0	0	0	0	0	0	0	0
PH	0	0	0	0	0	0	0	0	0	0
PS	3	1	0	0	0	4	155	39	70	1
SP	0	0	0	0	0	0	0	0	0	0
HGY	9	6	2	2	0	19	1486	78	191	10
Total cases closed	4	4	0	2	0	10				

On average, 78 days were spent on each suspension case within the quarter.

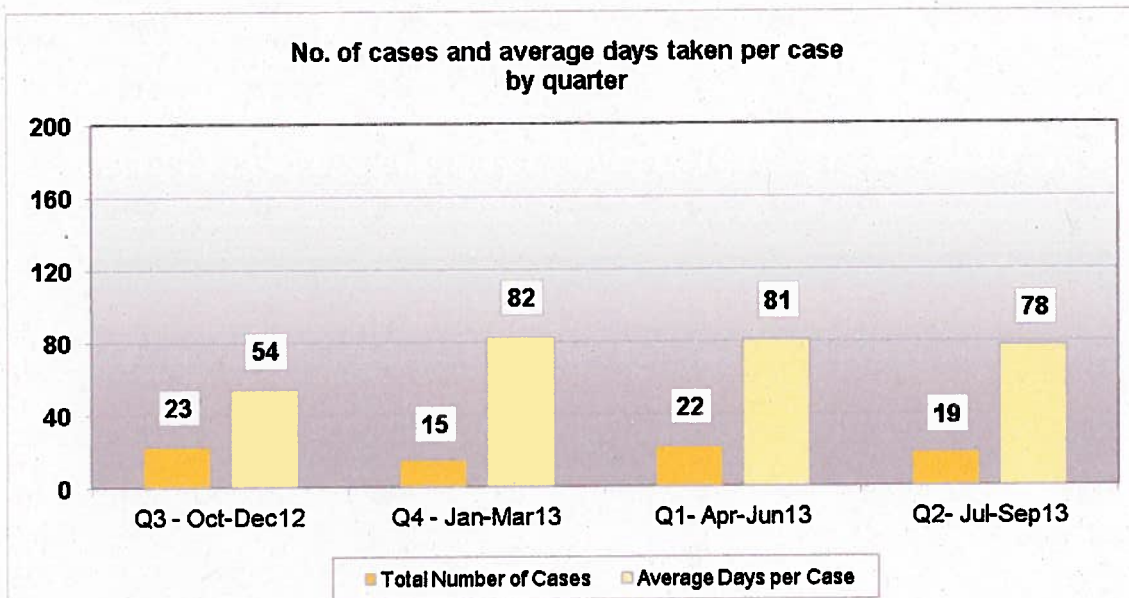


**Suspensions (continued)**

The chart below illustrates the average and maximum number of days taken for a suspension case by Directorate for the quarter.



The chart below looks at the number of suspension cases per quarter for a rolling year and highlights Haringey Council's average number of days per case.



The average number of days suspended for the quarter was 78 with a total of 19 cases. 9 of these cases remain open at the end of Quarter 2.

Appendix D  
List of Consultants

Dir	Business unit	Status	Start date	Original End Date	Revised End date	Actual End Date	name of consultancy / agency or if applicable mark 'Self Employed'	Daily Rate	Days per week	Funding from Revenue, Capital, or Grant	Reason for engagement & benefits
CYPS	PEI	Consultant	31/05/2012	30/03/2013	31/03/2014		Self Employed - waiting for Ref number	£350 +£20.00 travel	2	Revenue	2012-13 developed places for 2 Year Old programme from 2013 - 14 leads on improving quality for 2 year olds places
CYPS	PEI	Consultant	21/02/2013	30/08/2013	30/11/2013		Ameo Recruitment Agency	£630	2 to 4	Revenue	Assist with preparing Youth, YOS and Alternative Provision to move to a commissioning approach.
CYPS	PEI	Interim	08/07/2013	06/12/2013			Green Park Interim & Exec search	£675	4	Capital	Interim Head of Integrated Working & Family Support
CYPS	PEI	Consultant	03/07/2013	27/09/2013	31/12/2013		Ameo Recruitment Agency	£595	2	Capital	To review the YOS and prepare them for the regulatory inspection.
CYPS	PEI		13/02/2013	30/09/2013	01/11/2013	01/11/2013	Woodrow Mercer Recruitment	£515	3	Revenue	Performance Management
CYPS	PEI	Interim	01/07/2013	04/10/2013	31/03/2014		Self Employed	£460	5	Revenue	Head of Youth and Community Participation
CYPS	PEI	Consultant	01/08/2013	31/07/2014			Self Employed	£32,000 in total	5	Revenue	Manage and run the Unity Radio project
CYPS		Interim	01/07/2013	31/12/2013	31/03/2014		Penna Recruitment Agency	£600	5	Revenue	Interim head of Schools HR
CYPS	School Standards & Inclusion -	Interim	01/09/2011	31/03/2014			Self Employed	£500	5	Revenue	School Improvement Advisor
CYPS	Children & Families	Interim	29/04/2013	31/03/2014			Sanctuary Personnel Ltd	£518	5	Revenue	Interim cover for HoS Commissioning & Placements (Adoption & Fostering)
CYPS	Children & Families	Consultant	27/08/2013	26/11/2013			Self Employed - Wardell Associate Ltd	£250	2.5	Revenue	LCSB Policy Officer - additional resource required to complete work within deadlines.
CYPS	Children & Families	Consultant	15/07/2013	27/09/2013	30/11/2013		Self Employed	£400	3	Revenue	To deliver a programme of work around quality assurance (Commissioning)
CYPS	Children & Families	Consultant	01/06/2011	31/12/2013			Self Employed	£245	1 to 2	Revenue	Independent assessor supporting Adoption team in the assessment of relatives and fosters carers as Special Guardians and prospective adopters
CYPS	Children & Families	Consultant	01/06/2011	31/12/2013			Self Employed	£245	1 to 2	Revenue	Independent assessor supporting Adoption team in the assessment of relatives and fosters carers as Special Guardians and prospective adopters
CE	BLT	Consultant	01/12/2011	30/11/2013			Self Employed	£432	as & when	Revenue	Works on an occasional basis only. Monitors our HB Subsidy claim and advises on areas where we can further increase our income through subsidy.
CE	BLT	Consultant	01/09/2012	31/03/2014			Indigo Edge Management Consultancy Agency	£500	2	Revenue/Grant	Project Manage the Welfare Reform Programme
CE	BLT	Consultant	01/09/2012	31/03/2014			Indigo Edge Management Consultancy Agency	£500	2	Revenue/Grant	Project Manage the Welfare Reform Programme
CE	HR	Interim	05/08/2013	31/05/2014			Penna Recruitment Agency	£730	5	Revenue	Interim Head of HR

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CE	HR	Consultant	30/09/2013	30/06/2014			Penna Recruitment Agency	£580	5	Revenue	Policy review Case management Change and Restructure of HR/OD Gaps in strategic HR capability
CR	Corporate Finance	Interim	01/03/2012	28/02/2014			CIPFA	£595	4	Revenue	Interim Head of Corporate Finance - covering vacancy
CR	Corporate Finance	Interim	12/12/2012	04/10/2013	31/12/2013		Allen Lane Interim Recruitment Agency	£300	5	Revenue	Senior Capital Accountant
CR	Corporate Finance	Interim	05/11/2012	31/01/2014			CIPFA	£495	4.5	Revenue	Interim Head of Finance (CYP) - covering vacancy
P&S	Director	Consultant	06/08/2012	31/12/2013			RESPECT Recruitment Agency	£400	10 days over 6 months	Revenue	Chair of Domestic Homicide Review
P&S	Director	Consultant	27/05/2013	27/11/2013			Penna Recruitment Agency	£800	4	Revenue	Growth & Regeneration project. Overseeing economic growth strategy for borough: Review HALS: Help develop Council's approach to housing investment & renewal
P&S	Director	Consultant	27/05/2013	27/06/2014			Gatenby Sanderson Recruitment Agency	£855	4	Revenue	To develop a strategy to set out Haringey's housing regeneration approach
P&S	Director	Interim	15/04/2013	31/12/2013			Ogders Interim Recruitment Agency	£640	5	Revenue	Interim Head of Development Management
P&S	Director	Interim	07/01/2013	05/07/2013	31/12/2013		Ogders Interim Recruitment Agency	£750	5	Revenue	Interim AD Major Projects
P&S	Corporate Property Services	Consultant	01/11/2008	30/09/2013	31/12/2013		Self Employed: Property Design & Consultancy Ltd	£450	2	Capital	Specialist property skills, advice and support related to Spurs project and 639 High road
P&S	Corporate Property Services	Consultant	01/10/2011	30/09/2013	31/12/2013		Self Employed: Simon Consultancy	£380	3	Revenue	Assist with priority work streams of the Haringey Property review and provide strategic advice.
P&S	Corporate Property Services	Consultant	01/04/2013	31/12/2013			CPC Solutions UK	£385	1	Revenue	To provide expert advice on options to improve financial performance at Technopark
P&S	Single Frontline Services	Consultant	05/01/2009	31/08/2013	08/11/2013		Ogders Interim Recruitment Agency	£530	3	Revenue	Finalising the mobilisation of the Highways Contract and a review of Veolia Contract, due to end Aug 2013. Extended to assess the outcomes to date of the Veolia contract and particularly street cleaning performance and costs.
P&S	Single Frontline Services	Consultant	05/05/2007	31/03/2014			Penna Recruitment Agency	£290	3	Revenue	Provides specialist advice and support for software (Conform), building asset database, IT solution for NAT and training team. Mobilisation of Highways contract and mobile working support.



Appendix D  
List of Consultants

Dir	Business unit	Status	Start date	Original End Date	Revised End date	Actual End Date	name of consultancy / agency or if applicable mark 'Self Employed'	Daily Rate	Days per week	Funding from Revenue, Capital, or Grant	Reason for engagement & benefits
P&S	Single Frontline Services	Interim	13/08/2012	30/09/2014			Gatenby Sanderson Recruitment Agency	£600	5	Revenue	Provide strategic lead for Community Safety within Haringey and establish a revised structure. Advert out for post interviews planned for end of September. Head of Community Safety post.50214075
P&S	Single Frontline Services	Interim	07/05/2013	30/04/2014			Odgers Interim Recruitment Agency	£600	5	Revenue	Backfill parts of AD SFL post: Traffic Management, Neighbourhood Action Team, Regulatory Services post 50011230
P&S	Single Frontline Services	Consultant	24/06/2013	31/12/2013			Gatenby Sanderson Recruitment Agency	£380	5	Revenue	As part of the Community Safety Review this area of work was identified as a significant gap and it is intended to create a role as part of the proposed revised Community safety Structure. This is planned to be consulted on during Aug / Sept with planned implementation in October, permanent filling of the role will depend on availability of successful candidate.
P&S	Planning, Regeneration & Economy	Consultant	15/01/2009	31/03/2013	waiting for update		Penna Recruitment Agency	£675	2 to 3		
PH	Public Health	Consultant	17/06/2013	29/11/2013			Self Employed: Paul Fraser Associates.	£500	varied	Grant	HIV Prevention Service



## Proposed implementation of the Single Fraud Investigation Service (SFIS) and the Implications for local authority counter-fraud investigations

### 1. Background

- 1.1 The Single Fraud Investigation Service (SFIS) is the proposed programme to investigate all welfare benefit fraud through a single, DWP-led, investigation service. The programme was originally announced by the DWP in October 2010, without any consultation with local authorities (LAs). Following LA representations to the DWP highlighting concerns about the proposed arrangements, a consultation exercise was belatedly undertaken, which overwhelmingly confirmed a preference for retaining a Housing Benefit counter-fraud presence within LAs.
- 1.2 In October 2011, the DWP stated: '*The Government proposes the creation of a single integrated fraud investigation service with statutory powers to investigate and sanction all benefit and tax credit offences which will combine relevant resources across LAs, HMRC, and DWP.*' The DWP subsequently established four 'pilot' programmes across the country, including one led by the London Borough of Hillingdon to explore the options for implementing SFIS with staff working within an overall DWP framework to develop procedures for the investigation of benefit fraud in a co-production model. The DWP has not, to date, released any progress updates, detailed feedback or outcomes from the pilot programmes.
- 1.3 In October 2013, prior to the completion of the pilot projects, the DWP released a paper entitled 'SFIS – Option Decision Rationale'. This paper states that the pilots continue to provide very useful feedback, without providing any further details, but states that the SFIS Project made a recommendation that '*SFIS should be rolled out as a single organisation within DWP*'. Again, LAs were not consulted in this recent assessment or recommendation made by the DWP.
- 1.4 Two of the DWP pilot programmes are LA led, but there is anecdotal evidence that they have not been provided with management information by the DWP to allow meaningful comparison of the service they have delivered. LA concerns raised with the DWP in 2010 remain outstanding and have not been addressed by the DWP in any of their subsequent papers or announcements. The DWP have stated that SFIS will become operational in 2014/15; although no specific date has been given.
- 1.5 The DWP's Option Decision Rationale paper dismisses all options, including the existing partnership working arrangements which have been in place to date, and states that the introduction of Universal Credit (UC) would reduce LA interest in the welfare benefit arena. This clearly ignores all other benefits and support provided via local authorities which are planned to continue well beyond the introduction of UC, despite the DWP remaining silent on when UC will be introduced.
- 1.6 Recently publicised problems with UC, the rollout having already slipped from October 2013 to 'sometime in 2017', include IT infrastructure and costs, poor project management, an ill defined project scope, lack of leadership and ownership of resources and budgets.

1.7 Social and private sector landlords have raised concerns with the DWP that giving their tenants one monthly payment to cover all their family's outgoings might increase the instance of rent arrears with consequential implications for their revenue income. This may increase the pressure on local authorities further as private sector landlords may withdraw from the social housing market, combined with falling revenues from their own housing stock.

## **2. Areas of concern**

2.1 With the DWP's announcement that SFIS will operate as a single organisation within the DWP, LAs have a number of concerns which are set out below.

### **2.2 No/limited capacity to address fraud in legacy Housing Benefit cases**

2.2.1 There is a strong indication, although no confirmation from the DWP, that LAs will lose their authority to investigate welfare benefit fraud at the point that SFIS is implemented, which could be as early as April 2014. 'Legacy' Housing Benefit (HB) cases will remain with LAs at this point and there may be no authority or resource to investigate claims administered by the council.

2.2.2 Haringey was one of the DWP 'Pathfinder' areas and the HB fraud team have developed excellent working relationships with their DWP counterparts in bringing benefit fraudsters to court. However, despite this, the DWP's processes can be much slower than the council's and we are still waiting to prosecute six cases from 2012/13 which we worked on jointly, with the DWP taking the lead.

2.2.3 We have no indication that the DWP will prioritise cases which remain with LAs with the implementation of SFIS. In 2012/13, Haringey prosecuted 35 cases worth £747k in overpaid and fraudulent benefits. Joint working with the police, DWP and HMRC recently resulted in a confiscation order of £250k against a benefit fraudster; who had previously been given a custodial sentence for £190k worth of fraudulent claims.

### **2.3 Impact on other Council investigation work**

2.3.1 DWP information is currently available to the Council if there is benefit in payment at an address that is the subject of an investigation into other fraud types, including tenancy fraud, council tax discounts, right to buy applications, blue badge and concessionary passes use, housing waiting list and homelessness application fraud and assistance provided to persons without recourse to public funds.

2.3.2 DWP held information is unavailable to council investigations unless there is an associated HB claim that could be affected. If SFIS progresses as it has been stated by the DWP, there is a high risk that other investigations will be significantly affected. Even if the information would still be available to us where HB/CTR was in payment, the LA would lose its current 'Authorised Officer' powers to obtain further information from other sources; and this would negatively impact our investigative abilities.

2.3.3 This could mean that the HB fraud team's recently started project to target rogue landlords may have to be stopped, or seriously reduced in scope if the benefit information were no longer available. It is the DWP benefit data which is providing

the team with the leverage to target and stop rogue landlords from perpetrating fraud and criminal activity in Haringey.

2.3.4 As stated above, the HB fraud team prosecuted benefit cases worth £747k in 2012/13. During the same year, the HB fraud team also stopped 15 fraudulent Right to Buy applications with a value of over £1m; and the corporate anti-fraud team recovered 30 fraudulent tenancies with value of £540k. Housing tenancy and benefit fraud can co-exist, with landlords claiming benefits fraudulently and sub-letting properties. Without the ability to look at all aspects of tenancy fraud, the recently enacted Social Housing Tenancy Fraud Act will not be as an effective weapon for LAs in counteracting this area of high cost fraud: estimated by the Audit Commission at over £1bn nationally.

#### **2.4 DWP intention to end joint working on areas of common interest**

2.4.1 The DWP have already advised that there is to be no joint working with LAs on Council Tax Reduction Scheme (CTRS) cases. This will affect the totality of sentencing, increase costs of prosecution and runs contrary to the DWP's own statements that SFIS will provide 'a coherent policy, process and procedure aligned with all required legal powers for investigating all welfare benefit fraud'. A person who may have defrauded both services may have to attend two separate investigative interviews and essentially answer the same questions at each.

2.4.2 Working with the DWP jointly, as we do at present, ensures that all elements of the individual's fraud are dealt with as part of a single prosecution cases. The HB and corporate anti-fraud teams are also undertaking joint prosecutions with other LAs on individuals who have committed multiple benefit and housing frauds against more than one authority. The DWP do not intend to notify LAs routinely of any UC fraud investigations, therefore fraud losses and costs to LAs are likely to increase.

#### **2.5 National Fraud Initiative**

2.5.1 The National Fraud Initiative (NFI) data matching service has saved over £1 billion nationally since its inception. It currently includes LA HB data which is matched against other public sector data including tenancy, housing application, right to buy, payroll, pension and housing waiting list data. In addition to identifying Housing Benefit fraud, the NFI also acts as a valuable check against the honesty of all Council staff, including those involved in administering benefits locally and investigating fraudulent claims.

2.5.2 The DWP currently provide the HB data for the NFI exercise directly to the Audit Commission. With the transfer of the NFI function to the Cabinet Office and the implementation of SFIS with the DWP retaining sole authority to investigate benefit-related fraud, the HB data may no longer be available to future NFI exercises.

#### **2.6 Reduction in counter-fraud capacities**

2.6.1 The November 2011 decision to leave an HB Counter-fraud capacity with the LA temporarily resolved complex issues around pensions and TUPE rights and retained a link to other areas of fraud investigation. With the announcement of the DWP recommendation in the Option Decision Rationale paper, and previous

announcements that SFIS will become operational in 2014/15, these issues will need to be resolved for those staff who are to be transferred to SFIS, although no details have been provided on the scope and resourcing of SFIS at this time.

2.6.2 Originally, the DWP suggested that an additional 200 investigators across the country would be engaged by SFIS. Recent statistics from 2010 show that over 200 benefit investigators were employed by London authorities alone. At present, we have no indication from the DWP about staffing numbers, but it may not be unreasonable to assume that a reduced number of investigators will be employed by SFIS. Even if the DWP recognise, after SFIS is implemented, that a joined up approach to tackling fraud is better than a 'stand alone' DWP function, there may not be the resources available to put this into practice as skills and posts will have been lost. This is likely to have a negative impact on Haringey as pro-active counter-fraud work will be reduced in the future.

### **3. Proposed actions**

- 3.1 This issue and the concerns outlined in this appendix have been raised at various public sector forum meetings including London Councils, the London Boroughs Fraud Investigation Group, and the London Audit Group.
- 3.2 The various public sector groups have proposed that senior officers and local councillors write to local MPs (using a template letter attached to this appendix) with a request that they write to the Secretary of State (DWP), and the Parliamentary Under-Secretary of State for Welfare Reform and the Secretary of State for Communities and Local Government, expressing their concerns. It is proposed that the Corporate Committee agrees this course of action.
- 3.3 It has been further proposed that this Council write separately to the Chair of the Public Accounts Committee, and the Shadow Secretary of State for Work and Pensions outlining its concerns with the current proposals for SFIS.



*TEMPLATE LETTER RE SINGLE FRAUD INVESTIGATION SERVICE (SFIS) FOR USE BY INDIVIDUAL OFFICERS TO WRITE TO YOUR LOCAL MPS (please delete this text)*

*( <http://findyourmp.parliament.uk/> - please delete )*

MP ADDRESS

DATE

Dear INSERT MP NAME

### **Local Authority Staff inclusion in the Single Fraud Investigation Service (SFIS)**

We are aware that the DWP are about to meet with the Treasury to request funding for the Single Fraud Investigation Service to be owned, managed and led by the DWP. We are supportive of the concept of a more joined up approach to fraud investigations in the public sector, but not by the method recommended by the DWP.

We recognise the need to ensure that welfare benefit fraud is prevented and detected, in the best possible and most cost effective way.

The Single Fraud Investigation Service (SFIS) is a massive opportunity to set up a single investigation service, which really works. However, there are serious concerns regarding the following issues:

#### **1. Impact on Local Authority Investigative Resource**

All Local Authorities will be left vulnerable to fraud attacks if the proposals go ahead because significant numbers of investigators will leave local authorities, and current data sharing between LAs and DWP for counter-fraud purposes will disappear. Of the estimated £2.1 billion fraud committed against local government, over £1 billion of this involves tenancy fraud, council tax discounts and parking concessions. The DWP have been very reluctant in the past to share their data to prevent fraud unless there are welfare benefit concerns. If DWP information is no longer readily available to these investigations, as I believe will be the case under the current proposals, then these frauds will be more difficult to identify, investigate and sanction.

It appears likely that the overall number of investigators will be cut significantly, even though this is an area where investment actually delivers a saving to public funds.

Retention of local authority investigators within councils is essential to protect the public purse; however, the fast track of SFIS will harm many authority's plans for this work.

The DWP are not looking holistically at what is best for the public purse - they are purely focussing on welfare fraud.

2. Original proposals which made sense to all parties have been killed off, and the new proposals rushed through

The initial SFIS proposal was made without the courtesy of consulting local Authorities. When it later became apparent that there were a number of practical issues that had not been resolved, and some of the issues included in this letter were raised, consultation took place in 2011. It was agreed at this time that when SFIS was introduced local authority staff would remain employed by local authorities but work under DWP policy and procedures. This resolved incredibly complex issues surrounding pensions and TUPE, and retained the all important local link to councils. It was then agreed that 'pilot' LA's would be set up to test differing processes, DWP promised to analyse feedback from the pilots in order to determine how best SFIS would operate. This no longer appears to be happening.

There appears to have been a move from a sensible process of (belated) consultation with local authorities to a 'steamroller' approach, ignoring all issues cited in previous communications.

3. Universal Credit

Universal Credit has been delayed in order to make sure it works correctly; it is only right that SFIS should also be delayed so that it too works properly. The plans also raise the prospect of Hackney managing legacy Housing Benefit claims for a while but lacking the mandate to investigate suspected fraud within them.

If these proposals are rushed through it will then be too late to prevent a haemorrhaging of skills that could actually be used to prevent fraudulent claims against the public purse and deliver financial savings to government.

4. Severing the link between Universal Credit and Council Tax Reduction Schemes (CTRS)

DWP have already advised that there is to be no joint working with LAs on CTRS cases. This makes no sense, as it will affect the totality of sentencing, increase costs of prosecution and is completely counter-intuitive. There will be no notification of Universal Credit frauds to local authorities, and as these individuals are likely to be receiving CTRS, this will increase fraud loss to councils.

5. Current joined up working arrangements in local government will cease

London Borough of Hackney effectively link different areas of investigation work together. Joint working will be mandated by DWP to cease. As an example of the impact this will

have, social housing fraud valued at £2.88 million was identified in the borough in 2012/13. The exchange of data between Benefits and Housing teams currently provides a rich source of intelligence to identify fraudulent claims against both services – this liaison will completely disappear, even though tenancy fraud is a priority area for local government counter-fraud work and is supported by a dedicated central government grant.

The process where Social Services clients are given regular sums of money to buy care packages, known as Direct Payments and Public Health are potentially huge fraud loss areas and new to local government. Yet again, the severing of benefits data will be highly detrimental to fraud detection in these areas. Other areas at risk include Council Tax and payments to those with no recourse to public funds. When this is considered across all of local government, a huge sum is at stake.

The extent to which local authority data benefits the fight against fraud if there is a spirit of cooperation should not be underestimated as the data sources held within the local authority are so wide ranging, from Education to Planning and Council Tax to Trading Standards.

#### 6. Introduction of Local Enterprise Partnerships (LEPs) & localism

Local Enterprise Partnerships (LEPs) have been created to drive public sector growth and reduce administrative burdens. Under the localism agenda, there is likely to be a broader range of funding coming to local areas and to LEPs, albeit with local authorities being the accountable bodies for that funding. Therefore, despite localism expanding and new areas of fraud work being identified, the SFIS proposals are pushing a centralised approach to investigations – this makes no sense and goes against the ethos of the localism agenda.

#### 7. National Fraud Initiative

The National Fraud Initiative (NFI) data matching service has been widely recognised as being an effective way of detecting public sector fraud, so much so that following the demise of the Audit Commission, it has now been transferred to the Cabinet Office to continue the good work. The NFI has saved over £1 billion since its inception; however a lot of the information that yields significant results will be lost. Not only will LA's lose much of the benefit of this extremely valuable exercise, they will no longer have the experienced resources to investigate the matches, again increasing the totality of public sector fraud.

The DWP have never subscribed to the NFI to compare welfare benefit claimant details against other public sector records. Hackney data (e.g. housing tenancy, right to buy, payroll, pension, licensing, housing waiting list, etc) is currently compared against Housing Benefit claims nationwide to identify likely benefit fraud. We have participated in the NFI since its inception and have always supported this activity. In addition to identifying Housing Benefit fraud, the NFI also acts as a valuable check against the

honesty of all Council staff, including those involved in administering benefits locally and investigating fraudulent claims. DWP claims and staff are not currently part of the NFI.

I hereby respectfully request that you write to the Ministers below expressing your concern regarding the proposed implementation of the Single Fraud Investigation Service.

The Minister is The Rt Hon Iain Duncan Smith MP who is the Secretary of the State, Department of Works and Pensions with overall responsibility. Letters may be sent to The Rt Hon Iain Duncan Smith MP

Secretary of State

Department for Work and Pensions

Caxton House

Tothill Street

London

SW1H 9DA Or email: [caxtonhouse.clerkpru@dwp.gsi.gov.uk](mailto:caxtonhouse.clerkpru@dwp.gsi.gov.uk)

Please also express your concerns to Lord Freud the Parliamentary Under-Secretary of State for Welfare Reform, email address: [freudd@parliament.uk](mailto:freudd@parliament.uk) and Eric Pickles MP in his role as Secretary of State for Communities and Local Government email address [eric.pickles@communities.gsi.gov.uk](mailto:eric.pickles@communities.gsi.gov.uk)

Yours sincerely,