

Responses from Management:

Auditor question	Response
What do you regard as the key events or issues that will have a significant impact on the financial statements for 2014/15?	Inclusion of certain schools on the Council's Balance Sheet following a change in accounting policy arising from the joint HM Treasury and CIPFA review of accounting treatment for Local Authority Maintained Schools.
Have you considered the appropriateness of the accounting policies adopted by the Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies?	The 2014/15 accounting policies have been reviewed and amended where required. Amendments relate mainly to changes agreed with audit e.g. an increased revenue de-minimis for accruals and use of estimation for employee accumulated absence liabilities. Other changes are to reflect terminology used in new IFRS e.g. group account suite of standards use of 'joint operations'.
Are you aware of any changes to the Council's regulatory environment that may have a significant impact on the Council's financial statements?	No
How would you assess the quality of the Council's internal control processes?	Effective. An annual review of the Council's key financial systems, covering key risk areas and controls to manage the identified risks, is undertaken including walkthrough and compliance testing of controls on a sample basis. All key financial systems work was completed in 2014/15 and nine systems have achieved a 'substantial' assurance rating, one system has achieved a 'full' level of assurance and one system (accounts payable) has been given a 'limited level of assurance from internal audit; and no high priority recommendations remain outstanding.
How would you assess the process for reviewing the effectiveness of internal control?	Effective. The annual programme of audit work is agreed with Grant Thornton to ensure both internal and external audit requirements are met. Other key risk areas are included in the risk based annual audit plan, which is discussed and agreed with me as s151 Officer, all senior managers and external audit to ensure coverage is appropriate to mitigate the risks. No significant issues relating to internal control have been raised by internal or external audit during 2014/15 to date.
How do the Council's risk management processes link to financial reporting?	The Chief Financial Officer assesses the adequacy of the Council's reserves as part of the budget setting process and taking into account an assessment of known and unknown risks. The Council maintains a number of earmarked reserves as well as general (un-earmarked)

	<p>reserves and contingencies.</p> <p>In addition the Council's regular budget monitoring process reflects that budgets are prioritised according to assessed risk, assesses performance against the agreed budget and provides an opportunity to identify and quantify emerging risks and seek formal approval to measures aimed at addressing those risks. The Council's Senior Leadership Team also considers the Corporate risk register on a regular basis;</p>
<p>How would you assess the Council's arrangements for identifying and responding to the risk of fraud?</p>	<p>The Council has a corporate fraud risk register in place which reviews the key fraud risk areas – emerging fraud risks are identified via the Audit Commission fraud surveys, feedback from attending regular public sector counter-fraud briefings, and a review of previous audit work. The fraud risk register is reviewed quarterly by the Head of Audit and Risk Management and used to plan the pro-active counter-fraud work and highlight any emerging trends.</p> <p>The risk of fraud and associated controls are discussed monthly as part of the Council's Statutory Officers Group.</p> <p>The Council has a Counter-Fraud Policy and Strategy, together with a Fraud Response Plan, Whistle blowing Policy and HB Fraud Sanctions Policy, all of which are reviewed annually. The last update was completed in June 2014 and was approved by the Corporate Committee. The policies are all published on the website together with the free and confidential telephone and email reporting details.</p> <p>The Corporate Anti-Fraud Team and HB Fraud Investigation Team undertake pro-active and reactive investigations into fraud.</p> <p>Regular press releases are done on the outcomes of fraud cases.</p> <p>The Insurance Team also investigates claims against the Council for any potential fraud and has implemented a 'risk flag review' process which has been successful in identifying and repudiating potential fraudulent claims. The Insurance Team have undertaken a prosecution relating to a significant fraudulent claim on behalf of Homes for Haringey.</p>
<p>What has been the outcome of these arrangements so far this year?</p>	<p>Quarterly reports are made to the Corporate Committee by the Head of Audit on investigations into fraud and the outcomes. In 2014/15, 118 potentially fraudulent Right To Buy applications have been stopped; 37 fraudulent tenancy fraud cases identified and keys returned (or in the process of being</p>

	returned); 24 fraudulent housing benefit claims have been successfully prosecuted.
What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?	We have focussed attention on the Council's Key Financial Systems and in particular those that generate large volumes of transactions, large cash transaction or in relation to the Council's banking arrangements. Key Financial Systems are considered annually as part of the internal audit plan which is risk based and all have gained substantial assurance. We also consider and mitigate the potential for fraud to take place through the related party transaction disclosure process and procurement fraud is considered through the Corporate Declaration of Interest forms.
Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?	The details of all whistle blowing reports made are included in the quarterly internal report to the Corporate Committee.
Have any reports been made under the Bribery Act?	No
As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	Head of Audit and Risk Management reports on a quarterly basis in relation to fraud and risk issues; together with an annual Head of Audit report.
As a management team, how do you communicate to staff and employees your views on business practices and ethical behaviour?	Regular dialogue with senior managers across the Council by Head of Audit on all internal audit work, including fraud cases. All cases of actual fraud are reported to senior managers (at Assistant Director level or above) in order to advise them of breaches of the Council's code of conduct by staff, and recommended action to address the breach. Reports on the outcomes of pro-active counter-fraud work are provided on a regular basis to senior managers and ongoing liaison with operational officers takes place to ensure all suspected cases are followed up – tenancy fraud work and outcomes is also reported to Cabinet Member responsible for Housing. Head of Audit attends s151 Officer's Management Team meetings. Reports to Corporate Committee are made on a quarterly basis. Regular reminders are included in 'In Haringey' staff newsletter to all staff regarding expected standards of behaviour and how to report suspected fraud. The s151 officer brings matters to the attention of the Statutory Officers' Group which includes the Chief Executive, Monitoring Officer and Head of Audit amongst others, on a regular basis. Additionally, the s151 officer addresses the Corporate Leadership Group and Corporate

	Management Group, which covers the top 100+ senior managers in the Council – as and when the need arises.
What are your policies and procedures for identifying, assessing and accounting for litigation and claims?	<p>All claims made against the council's insurance policies are managed by the in-house insurance team. The Council has accepted the first £500k risk for each and every claim made against it and uses its internal insurance fund to manage the claims.</p> <p>The Head of Audit & Risk Management advises the s151 Officer of any claims which may impact on the Council's financial statements. The s151 Officer will discuss relevant matters with Grant Thornton during the closure process in particular in relation to the contingent liabilities note to the final accounts.</p> <p>Directors complete an annual assessment of governance processes in their directorates including any litigation and claims issues.</p>
Is there any use of financial instruments, including derivatives?	No
Are you aware of any significant transaction outside the normal course of business?	No
Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	No
Are you aware of any guarantee contracts?	No
Are you aware of allegations of fraud, errors, or other irregularities during the period?	The quarterly reports to Corporate Committee include details of all fraud and irregularity cases. Any significant financial irregularities are reported to the s151 Officer by the Head of Audit and Risk Management at the time they are discovered.
Are you aware of any instances of non-compliance with laws or regulations or is the Council on notice of any such possible instances of non-compliance?	The annual internal audit programme of work reviews compliance with local and statutory regulations and covers the key risks facing the Council. Advice and guidance is provided to officers across the Council by Legal Services and Corporate Procurement on specific issues. Directors complete an annual assessment of governance processes in their directorates including compliance with relevant laws and regulations. No significant issues of non-compliance have been identified to date in 2014/15.
Have there been any examinations, investigations or inquiries by any licensing or authorising bodies or the tax and customs authorities?	No
Are you aware of any transactions, events and conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement?	No

Where the financial statements include amounts based on significant estimates, how have the accounting estimates been made, what is the nature of the data used, and the degree of estimate uncertainty inherent in the estimate?	No significantly material estimates have been used in the closedown process.
Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	No
Has the management team carried out an assessment of the going concern basis for preparing the financial statements? What was the outcome of that assessment?	The council has adequate reserves and the s151 Officer has formally reviewed them as part of the budget setting process, confirmation of this is included in the report to Council. The council has set a balanced and legal budget for 2015/16 and for the first time a Medium Term Financial Strategy covering the period to 2018 which is balanced, taking into account the proposed use of reserves. The capital programme has been reviewed for expenditure and income and is balanced against identified funding sources. There are strong revenue collection arrangements in place and robust controls on Treasury Management functions.
What is the process for undertaking a rigorous assessment of going concern? Is the process carried out proportionate in nature and depth to the level of financial risk and complexity of the organisation and its operations? How will you ensure that all available information is considered when concluding the organisation is a going concern at the date the financial statements are approved?	The s151 Officer assesses the adequacy of the Council's budget annually including consideration of the adequacy of reserves. Budget monitoring reports provide on-going monthly assurance and any significant variation from the approved budget. The s151 Officer has a statutory duty to report to the Council where unlawful expenditure outside of the budget framework or unaffordable expenditure is being proposed.
Can you provide details of those solicitors utilised by the Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	Insurance use external solicitors (a Panel of five firms appointed via the Consortium tender process) as part of the claims management processes – these solicitors only deal with claims that have reached the litigation stage. Legal Services (and other services) may use external counsel.
Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	Professional valuers have been used to carry out non-current asset valuations. The Transformation Programmes have commissioned a range of professional advisors with experience of delivering similar programmes of work elsewhere e.g. regeneration advisors, Children's Social Care advisors (IMPower) Business and customer service processes (Agilisys). We have consulted our Treasury Management Advisors (Arlingclose) on potential developments at Alexandra Palace, CAPITA on the Council's new Capital Strategy and Turnberry, GVA Bilfinger and Pinsents on the considerations relating to a

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	potential new Delivery Vehicle for Regeneration and Housing. We also use specialist advisers for VAT advice (LAVAT).
Have any of the Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?	No