

Response from Corporate Committee Chair

Fraud risk assessment

Auditor Question	Response
Has the Council assessed the risk of material misstatement in the financial statements due to fraud?	Generally but not specifically given that all data is accessed from the Council's General Ledger system; SAP. This is a controlled environment and a Council key system that is audited every year. We place reliance on the controlled environment and the audit assurances that all data is safe.
What are the results of this process?	Production of the Statement of Accounts using assured data from SAP.
What processes does the Council have in place to identify and respond to risks of fraud?	<p>The Council has a corporate fraud risk register in place which reviews the key fraud risk areas and is reviewed six monthly by the Head of Audit and Risk Management. The risk register is based on known fraud risks, reactive and pro-active counter-fraud investigations and feedback from networking counter-fraud groups and national studies. The risk register is used to plan the pro-active counter-fraud work and highlight any emerging trends. The risk of fraud and associated controls are discussed as part of the Council's Statutory Officers Group standard agenda items (Head of Audit covers).</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 have been approved by the Corporate Committee. The policies are all published on the website together with the free and confidential PO Box address, 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>
Have any specific fraud risks, or areas with a high risk of fraud, been identified and what has been done to mitigate these risks?	The Corporate Anti-fraud team have been pro-actively targeting housing tenancy fraud as well as undertaking work to review potential fraud identified as part of the National Fraud Initiative data matching exercise (data matches released February

	<p>2015). The Corporate Anti-Fraud Team has also been assisting service managers during 2014/15 to review assistance provided under 'No Recourse to Public Funds' processes. The Corporate Committee receives update reports on actions taken and the outcomes achieved on a quarterly basis.</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 repudiating potentially fraudulent claims – consideration is given to whether prosecutions should be undertaken, on a risk basis (one significant prosecution was undertaken on behalf of Homes for Haringey).</p>
<p>Are internal controls, including segregation of duties, in place and operating effectively?</p>	<p>Yes, as far as I am aware. 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. Nine key financial systems achieved a 'substantial' assurance rating, one received 'full' assurance and one system (accounts payable) received 'limited assurance from internal audit in 2014/15 and no high priority recommendations remain outstanding for this and all other areas. The Corporate Committee monitors implementation of all audit recommendations to ensure control weaknesses are properly addressed.</p>
<p>If not, where are the risk areas and what mitigating actions have been taken?</p>	<p>N/A</p>
<p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?</p>	<p>Not that I am aware of.</p>
<p>Are there any areas where there is a potential for misreporting?</p>	<p>Not that I am aware of.</p>
<p>How does the Corporate Committee exercise oversight over management's processes for identifying and responding to risks of fraud?</p>	<p>The quarterly internal audit progress report provides updates on the counter-fraud work which the in-house team undertake and the Head of Audit provides the committee with an annual report on the service's work. The internal audit plan includes areas which cover systems across the Council and this also helps to provide members with assurance that the council's</p>

	<p>key risk areas are being reviewed.</p> <p>Copies of all final reports are sent to me as the Chair of the corporate committee and copies also go to each Cabinet member so we have the information and can decide whether any further action needs to be taken by members or officers.</p>
<p>What arrangements are in place to report fraud issues and risks to the Corporate Committee?</p>	<p>The Corporate committee's responsibilities cover audit and fraud and part of this includes reviewing and approving the Council's policies on Anti-Fraud, whistle blowing, and risk management.</p> <p>The Head of Audit provides the Committee with quarterly reports on the counter-fraud work undertaken and the outcomes of the work.</p> <p>As the Chair of the Corporate Committee I receive details of compliance with the corporate risk management policy from the Head of Audit.</p> <p>The policies which the Corporate committee review are all on the Council's website.</p>
<p>How does the Council communicate and encourage ethical behaviour of its staff and contractors?</p>	<p>I have seen a number of press releases on successful prosecutions, especially housing benefit prosecutions where fraudsters have received custodial sentences.</p> <p>The Head of Audit also puts articles on how to report fraud in the staff newsletters, which are published on the staff intranet.</p> <p>In 2014/15, the Counter-fraud team ran a tenancy amnesty in response to the new Social Housing Fraud Act. This was publicised in Haringey People, Home Zone, on buses, bus shelters and in local media. Tenants who were subletting their properties could hand the keys back and avoid prosecution, which resulted in 25 properties being returned to the council.</p>
<p>How do you encourage staff to report their concerns about fraud? Have any significant issues been reported?</p>	<p>The staff newsletter and intranet news section had details of how to report fraud and use the Council's whistle blowing policy. The intranet and website has details of how to report fraud which can be done anonymously.</p>

	Internal Audit report on a quarterly basis to the Corporate Committee and their report includes details of the work done by the fraud teams – this report includes details of any referrals received using the whistle blowing policy.
Are you aware of any related party relationships or transactions that could give rise to risks of fraud?	No
Are you aware of any instances of actual, suspected or alleged, fraud, either within the Council as a whole or within specific departments since 1 April 2014.	<p>All the reports from the Head of Audit to the Corporate Committee have details of the investigation work completed by each of the audit teams.</p> <p>The Committee gets these reports on a quarterly basis and the reports cover all investigations which include cases of actual fraud and whistle blowing reports which have been received.</p> <p>The quarterly audit report has details of employee fraud investigations and disciplinary actions taken and members have the chance to review and question managements actions.</p>

Law and regulation

Auditor Question	Response
What arrangements does the Council have in place to prevent and detect non-compliance with laws and regulations?	<p>The internal audit programme of work reviews compliance with local and statutory regulations and covers the key risks facing the Council.</p> <p>Advice and guidance is provided to officers across the Council by the Legal Services and Corporate Procurement departments on specific issues.</p> <p>Directors/Assistant Directors complete an annual assessment of governance processes in their service areas including compliance with relevant laws and regulations. No significant issues of non-compliance have been identified.</p>
How does management gain assurance that all relevant laws and regulations have been complied with?	Internal audits cover compliance with the Council's regulations and any statutory processes within each service and any areas where managers don't comply with these are highlighted and recommendations made.
How is the Corporate Committee provided with assurance that all relevant laws and regulations have	The Head of Audit sends summary reports out to members on a monthly basis so we

been complied with?	<p>can take any action or ask the Head of Audit for any further work we think should be done. At the Corporate Committee, we receive details of all recommendations which haven't been implemented and we monitor these every quarter. We have asked Directors/Assistant Directors to attend meetings if members think that not enough action is being taken to implement recommendations.</p> <p>Members are satisfied that audit's recommendations are being addressed, and no high priority recommendations remain outstanding.</p>
Have there been any instances of non-compliance or suspected non-compliance with law and regulation since 1 April 2014?	No significant areas of non-compliance have been highlighted.
What arrangements does the Council have in place to identify, evaluate and account for litigation or claims?	<p>All claims made against the council's insurance policies are managed by the in-house insurance team. The team deal with all claims in-house, including risk assessing and investigating claims for potential fraud, assessing the council's liability and value of claims and approving payments for compensation where the council is at fault. 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>Directors complete an annual assessment of governance processes in their directorates including any litigation and claims issues.</p>
Is there any actual or potential litigation or claims that would affect the financial statements?	No
Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance?	No