

MEETING
AUDIT COMMITTEE

DATE AND TIME
WEDNESDAY, 19 MARCH 2008 AT 7PM

VENUE
THE TOWN HALL, THE BURROUGHS, HENDON, NW4 4BG

TO: MEMBERS OF THE COMMITTEE (Quorum 3)

Chairman: Councillor Jeremy Davies

Vice Chairman: Councillor Daniel Thomas

Councillors:

Danish Chopra

Geof Cooke

Richard Cornelius

Mukesh Depala

Marina Yannakoudakis

Substitutes:

Councillors

Wayne Casey

Dean Cohen

Monroe Palmer

Hugh Rayner

Alan Schneiderman

Agnes Slocombe

You are requested to attend the above meeting for which an Agenda is attached.

Janet Rawlings, Democratic Services Manager

Democratic Services contact: Katy Lam 020 8359 2015

CORPORATE GOVERNANCE DIRECTORATE

To view agenda papers on the website: <http://committeepapers.barnet.gov.uk/democracy>

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Town Hall, Hendon NW4 4BG

ORDER OF BUSINESS

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AGENDA ITEM: 6 Page nos. 1-30

Meeting	Audit Committee
Date	19 March 2008
Subject	2008/9 Internal Audit Annual Plan
Report of	Director of Corporate Governance
Summary	The Committee is asked to consider the Internal Audit annual plan for 2008/9.

Officer Contributors	Hem Savla, Audit Manager, Internal Audit and Ethical Governance
Status (public or exempt)	Public
Wards affected	N/A
Enclosures	Appendix A: 2008/9 Internal Audit Draft Annual Plan
For decision by	Audit Committee
Function of	Council
Reason for urgency/ exemption from call-in (if appropriate)	Not applicable

Contact for further information: Hem Savla, Audit Manager, Internal Audit and Ethical Governance, Tel No 0208 359 7154

1 RECOMMENDATIONS

- 1.1 **That the Audit Committee approve the Draft 2008/9 Internal Audit Annual Plan.**

2 RELEVANT PREVIOUS DECISIONS

- 2.1 None

3 CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Council is 'committed to managing the Council efficiently, getting the best value for money and investing in services that matter most to our residents.' (Corporate Plan).
- 3.2 Each audit project has been mapped to the corporate priority it supports.
- 3.3 The cross-cutting priority of a 'More Choice Better Value' sets out how the council will continuously improve the way it works to deliver its priorities and become an excellent organisation. A key element of this is the need for a 'strong and supporting governance framework'. Delivery of this plan will contribute to this aim

4 RISK MANAGEMENT ISSUES

- 4.1 The purpose of this report is to seek approval for the annual Internal Audit plan for 2008/9. This plan should focus audit resources on the highest risk areas facing the organisation.

5 EQUALITIES AND DIVERSITY ISSUES

- 5.1 The Audit Plan will support the council in meeting its corporate priorities and promoting community choice.

6 FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

- 6.1 None directly as a result of this report but addressing the risks identified by internal audit reports may require additional resources.

7 LEGAL ISSUES

- 7.1 None

8 CONSTITUTIONAL POWERS

- 8.1 Constitution Part 3, Section 2 details the functions of the Audit Committee including "Satisfying the Council that the internal auditor carries out sufficient systematic reviews of the internal control arrangements, both operational (relating to effectiveness, efficiency and economy) and financial".

9 BACKGROUND INFORMATION

2008/9 Draft Annual Audit plan

- 9.1 Attached as an Appendix A to this report is a draft annual audit plan for 2008/9 prepared by the Audit Manager after a detailed risk assessment of the Council's systems and consultation with key stakeholders. The audit plan for 2008/9 is presented to the Committee for comment and approval.
- 9.2 The Committee should be satisfied that it can make an appropriate assessment of the internal control environment based on the programme of work outlined in Appendix A.

10 LIST OF BACKGROUND PAPERS

- 10.1 Any person wishing to view any of the background papers should telephone 020 8359 7154.

Legal: JEL

CFO: CM

Appendix A

London Borough of Barnet

Internal Audit Service

Audit Plan 2008 - 2009

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Internal Audit Services 2008-2009 Audit Plan

Introduction

Background

The Council has a statutory duty to maintain an adequate and effective internal audit function. The Internal Audit and Ethical Governance service provides this function.

Our primary objective is to offer the Council (via the Audit Committee), Chief Executive and senior managers an independent and objective appraisal of whether objectives are being met efficiently, effectively and economically. We also provide advice and guidance to management on risk and control issues within individual systems. We aim to achieve this through a planned programme of work based on an annual assessment of the major risks facing the authority.

External Audit

The council's External Auditors, Grant Thornton, verify the accuracy of the Council's annual financial statements and review the systems in place to support their production. In order to work towards a managed audit approach, we meet regularly with the external auditors to ensure that we plan our work effectively, minimise any duplication of work and ensure that we satisfy the statutory audit requirements.

Internal Audit Performance Standards

Although there are no national performance indicators for Internal Audit, we are continuing our efforts to improve our service to managers. We have local performance indicators which are approved and monitored by the Audit Committee.

Internal Audit Resources

The annual plan has been drawn up to address the statutory requirements and key risks for the Council, taking into account the available resources within the section. We will be working jointly with our audit partners to deliver the annual plan.

Follow-up audits

All planned audit work undertaken is subject to a formal follow up to ensure that all agreed actions have been implemented. The timing of each follow up review is agreed with the client for the original audit. We report to the Audit Committee summary findings of all internal audit work as well as levels of implementation of agreed actions and the impact that this has on our risk assessment of that area.

Assurance Levels

All internal audit projects result in a statement of assurance of either 'satisfactory', 'limited' or 'no' assurance. These conclusions are based on the number of 'priority 1' risks identified in the report - this indicates that, in the auditor's opinion, there is significant risk that either objectives will not be met efficiently and effectively or that fraud or irregularity will not be prevented or detected.

Deferrals

Occasionally it is necessary to defer (or sometimes delete) audits which have been included in the agreed plan. During the normal reporting cycle the Audit Committee will be informed of the reasons for the cancelled audits or audits that are deferred to the following financial year.

The 2008-2009 Internal Audit plan

Key denoting the Corporate Priorities:

BFCYP = A Bright Future for Children and Young People

CGS = Clean, Green and Safe

SV = Supporting the Vulnerable

SH = Strong and Healthy

SS = A Successful Suburb

MCBV = More Choice, better value

COMMUNITIES

Children's' Service

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Looked After Children	Deferred from 2007/8. A systems review will assess the effectiveness of budgetary control arrangements and its link to assessment, care package decisions and case reviews.	DCS DD-S&SC DM for LAC	3	BFCYP SV
Cleaning Contract	A systems review of the framework to secure safer recruitment by contractors deploying cleaning staff in schools. Review will include testing compliance with the framework and the contract monitoring arrangements.	DCS DR	3	BFCYP SV
Individual Budgets	Project - Project work to provide advice and guidance for the setting up of individual budgets for children with disabilities.	DCS AD-I	1	BFCYP SV

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Connexions	A systems review to assess the mitigation of risks on the risk register for the transfer of Connexions staff into Barnet Youth and Connexions Service.	DCS AHYC	2	BFCYP
Children's Act Complaints	Follow-up of the 2007-08 systems review.	DCS	3	BFCYP
SEN Budget and Contract	Deferred from 2007/8. Follow-up of the 2006-07 systems review.	DCS	1	BFCYP STV
Management Information arrangements in Youth Service	Deferred from 2007/8. Follow-up of the 2006-07 systems review.	DCS	1	BFCYP STV
Child Protection	Follow-up of the 2007-08 systems review.	DCS	4	BFCYP

Adult Social Services

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Choice & Independence Programme Governance	Project – Review the robustness of the programme governance design and implementation to deliver the objectives established in the PID.	DASS	1	STV
Choice & Independence - Strategic Commissioning Workstream	Project – Review the outcomes of the workstream in relation to the objectives established in the PID.	DASS	4	STV
Choice & Independence - Supply Management	Project – Review the outcomes of the workstream in relation to the objectives established in the PID.	DASS	2	STV
Choice & Independence - Care Model Development	Project – Review the outcomes of the workstream in relation to the objectives established in the PID.	DASS	4	STV
Customer billing	A systems review the accuracy and timeliness of customer billing in relation to meals, home care, residential care and respite care. The review will include examination of the effectiveness, timeliness and quality of data capture for client invoicing.	DASS	1	STV
Business Continuity	Follow-up of the 2007-08 systems review.	DASS	4	

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Fairer Pricing Tool.	Project – Review the implementation of the Fairer Pricing Tool in LD disability services and the savings achieved in relation to the MTFP targets.	DASS	2	STV
Integrated Community Equipment Service (ICES) and Telecare Services	A systems review of the key controls in relation to new equipment contract, and the arrangements for telecare in particular arrangements for commissioning, contract monitoring, performance management and payment for equipment and telecare services. The review will incorporate a follow up of the recommendations made by internal audit in previous audits.	DASS	4	STV
DASS Laundry Service 07/08 f-up	Follow-up of the 2007-08 systems review.	DASS	3	STV
Data Quality BVPI (KC) 07/08 follow-up	Follow-up of the 2007-08 systems review.	DASS	4	STV
Respite Care 07/08 follow-up	Follow-up of the 2007-08 systems review.	DASS	4	STV
Respite Care	Project – Input into a review of respite care options and delivery – to be timetabled after the publication of the government’s national carer’s strategy and to incorporate follow up to the 07/08 audit.	DASS	4	STV

Local Partnerships and Policy

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Partnership Arrangements	Follow-up of the 2007-08 systems review.	EDC	2	All

ENVIRONMENT AND REGENERATION

Environment and Transport

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Cleansing Service 2007/8 follow-up	Follow-up of the 2007-08 systems review.	DET	4	CGS
Recycling	Project – Internal Audit will provide input during the implementation of the new contract by way of challenge and risk and control advice.	DET	1	CGS
Transport	Project – Internal Audit will provide input during the implementation of the new contract by way of challenge and risk and control advice.	DET	1	CGS
Public Transportation and Traffic Management	Follow-up of the 2007-08 systems review.	DET	4	All
Final Accounts	Follow-up of the 2007-08 systems review.	DET	4	All

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Administration of Term Contracts	Follow-up of the 2007-08 systems review.	DET	4	All
Parking Control	Follow-up of the 2007-08 systems review.	DET	4	All
Transport VOSA	Follow-up of the 2006-07 responsive work concluded in 2007-08.	DET	1	CGS
Waste Management	Follow-up of 2006-7 systems review concluded in 2007-08.	DET	1	CGS

Planning and Environmental Protection

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Service Restructure	Project – Internal Audit will provide input (focusing on risk and control) on the restructure of key business processes to ensure that the corporate objectives and outcomes will be delivered efficiently, effectively and economically.	DPEP	1	SV
Strategic Planning	A systems review will be undertaken to review the governance arrangements for timely delivery of Local Development Framework which is supported by Supplementary Planning Documents and Statement of Community Involvement.	DPEP	1	SV
Grants	A systems audit will be carried out reviewing the processes for identifying and maximising income from external grants for the service.	DPEP	3	SV
Environmental Health	A review will be undertaken to challenge the Best Value Action Plan and assess the effectiveness of the processes put in place to implement the action plan.	DPEP	2	SV
Licences	Follow-up of the 2007-08 systems review.	DPEP	4	SV
Local Land Charges	Follow-up of the 2007-08 systems review.	DPEP	2	All

Housing

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Housing Audits	Time will be set aside to identify and agree Housing audits following the completion of risk scoping by the Interim Head of Housing and Environmental Health.	DPEP	1	SV
Barnet Homes Monitoring	A systems audit will be carried out reviewing the arrangements for monitoring the management agreement.	DPEP	1	SV
Homelessness 07/8 follow-up	Follow-up of the 2007-08 systems review.	DPEP	4	SV
Housing Revenue Account 07/08 follow-up	Follow-up of the 2007-08 systems review.	DPEP	4	SV
Housing Strategy and Performance	Follow-up of the 2007-08 systems review.	DPEP	4	SV
Temporary Accommodation 07/08 follow-up	Follow-up of the 2007-08 systems review.	DPEP	4	SV

Strategic Development

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Regeneration	A systems review will be carried out to assess the processes and systems in place within the Strategic Delivery Unit and test their operational robustness in the areas of project management, risk planning and mitigation and contractual compliance where delivery is taking place.	DPEP	2	All

CORPORATE GOVERNANCE DIRECTORATE

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Corporate Governance	Follow-up of the 2007-08 systems review.	DCG	3	All
ICC & Mini SIC	This audit will seek to provide assurance on the effectiveness of the ICC process within the Directorate.	DCG	3	All

Community Protection Group

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Anti Crime Agenda (including Crime Data)	Deferred from 2007/8. A systems review to assess the effectiveness of the delivery of anti crime agenda, including targets agreed through LAA framework.	DDCG	1	CGS
Graffiti (Anti – Social Behaviour)	Follow-up of the 2007-08 systems review.	DDCG	2	CGS
Trading Standards and Licensing	A systems review of the risk assessment and plan to integrate Trading Standards and Licensing and assess the effectiveness of the role out of the plan.	DDCG	2	CGS

Democratic Services

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Decisions Under Delegated Powers	Follow-up of the 2007-08 review.	DSM	2	All

Head of Internal Audit and Ethical Governance

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Governance	A review to assess the success of the Directorate objective to improve internal and external awareness of governance arrangements.	DCG & HIAandEG	4	All

RESOURCES

RESOURCES: STRATEGIC SERVICES

Strategic Finance

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Primary Schools Capital Investment Programme (PSCIP)	Project - Internal Audit will provide challenge, advice and guidance during the delivery phase of the project on risk management and control aspects, including the delivery of Underhill School.	DR DDR&CFI and DCS	2	BFCYP
Procurement, Contracts and Accounts Receivable	A end to end key systems review.	HSF	3	All

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Stock Management and Control	A end to end key systems review.	HSF	3	All
LG Pension Administration and Pension Fund	A end to end key systems review.	HSF	3	All
Capital Expenditure	Follow-up of the 2007-08 systems review.	HSF	4	All
Sales Invoice Income and Debt Management	Follow-up of the 2007-08 systems review.	HSF	4	All
Cash collection and Treasury Management	Follow-up of the 2007-08 systems review.	HSF	4	All

Strategic IT

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Electronic Document Record Management System 2008/9 (Phase 1)	Project – Internal Audit will provide input to ensure that the objectives of the completed Phase 1 project are delivered effectively. To include a follow-up of work carried out in 2007-8.	HSIT	Ongoing	STV
EDRMS 2008/9 (Phase 2)	Project – Internal Audit will provide input to ensure that the objectives of the Phase 2 project are delivered effectively.	HSIT	Ongoing	STV
EDRMS 2008/9 Follow-up	Follow-up of reported risks following Phase 2 review.	HSIT	Ongoing	STV
Modernising Ways of Working Programme 2008-9	Project – Internal Audit will provide input to ensure that the objectives of the project are delivered effectively in line with agreed scope	HSIT	Ongoing	STV
MWW Programme 2008-9 Follow-up	Follow-up of reported risks following the 2007-8 and 2008-9 reviews.	HSIT	Ongoing	STV

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Working with Partners	Deferred from 2007-8. Review framework with partners such as PCT, NHS and DWP to mitigate technical risks, including issues around connecting and linking to partner systems. The scope for this review will be formally agreed at the end of quarter 1.	HSIT	2	All

Property and Valuations Service

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Property Asset Management follow-up	Follow-up of the 2007-08 systems review.	HofPS/ HofAM	1	All

Business Improvement

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Data Quality (KLOEs)	Deferred from 2007-8. Internal Audit will advise on the risk/ control aspects during the planned formulation of corporate policy on data quality. Sample testing will be undertaken in services to evidence that policies and procedures are followed by staff and applied consistently throughout the Council.	BIM	1	All
Shared Service Centre follow-up	Follow-up of the 2007-08 systems review, which will include a review of the SAP Change Control process.	AD SSR HofSSC	1	All

Infrastructure and IS Operations

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Infrastructure follow-up	Follow-up of the 2007-08 systems review, which will include a review of the change control process for Infrastructure RFC's (Requests for Change).	AD SSR HofI&ISO	2	All

Revenues

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Housing Benefit	A full systems review will be undertaken of the Housing Benefit system.	AD SSR HofR	1	SV
Cashiers Systems follow-up	Follow-up of the 2007-08 systems review.	AD SSR HofR	4	All
Cash Security Collection follow-up	Follow-up of the 2007-08 systems review.	AD SSR HofR	4	All

Finance Support Services

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Milly Apthorp (2008/9)	Annual audit of accounts.	HCS	2	SV

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Imprest Accounts Follow-up	Follow-up of the 2007-08 systems review.	AD SSR	4	All

Corporate Services

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Mini Statement of Internal Control follow-up	Follow-up of the 2007-08 review.	HofSSR	1	All
Central Contract Monitoring	Follow-up of the 2007-08 systems review.	HCS	3	All
Risk Management	Follow-up of the 2007-08 systems review.	HCS	4	All

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Business Continuity	Follow-up of the 2007-08 systems review.	HCS	4	All

Shared HR Services

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
LG Pensions Follow-up	Follow-up of the 2007-08 systems review.	ADSSR	4	All

RESOURCES: ORGANISATIONAL DEVELOPMENT and CUSTOMER SERVICES

Information Observatory

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Change Management Support	A systems audit to provide assurance on the effectiveness of controls mitigating actions for the risks identified on the service risk register. A details scoping will be carried out at the time of the audit.	HODCS	2	All

Customer Services

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
West of Borough 2008/9 (Project within Customer Access Programme)	Project - Provide input to ensure that the objectives of the project are delivered effectively.	AD,OD&CC	Ongoing	All

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
West of Borough Project Follow-up	Follow-up of the 2007-8 and 2008-9 reviews.	A/D,OD&CC	Ongoing	All
Web Content Management	Deferred from 2007/8. Follow-up of the 2006-07 systems review.	A/D,OD&CC	1	All

Registrars

Audit Title	Scope	Client	Quarter	Contribution to the Corporate Priorities
Registrars Follow-up	Follow-up of the 2007-08 review.	A/D,OD&CC	1	All

KEY SYSTEMS AUDITS

Purpose

The council's external auditors minimise the work they do by placing reliance on the work of internal audit on certain key systems. These key systems, as agreed with the external auditors and the Chief Finance Officer, are listed below. Our approach to auditing key systems has been discussed and agreed with the external auditor and the Chief Finance Officer with regard to timing, scope and participants.

Approach and Regularity

With the introduction of SAP which integrated many of the previous stand alone financial and non financial systems, it is now necessary to review the key 'end to end' processes/systems. These end to end 'full systems' reviews, which will include review of key controls, will be undertaken at least once every three years to satisfy the duty placed on the external auditors by International Auditing Standards. Each full systems review will be subject to a follow-up within 12 months and where significant improvement has not been confirmed further review may be necessary before the scheduled cycle.

Protocol

The extent of internal audit review will affect the depth of external audit work necessary and hence impact upon the budget for audit fees managed and controlled by the Chief Finance Officer. To enable effective control over the audit fees the Chief Finance Officer will be the main client for all key systems audits identified below, unless stated otherwise, and will therefore participate in scoping and timing of each audit. The Chief Finance Officer will decide on the involvement of officers from other services for scoping and will specify service areas for testing. Where necessary the main client will organise responses for management actions to speed up concluding each audit. The Chief Finance Officer will also be the main client for any follow-up review, unless stated otherwise.

Reporting

All audit reports will be issued to the main client and copies circulated to all those officers identified by the main client.

We have agreed that these key systems should be subject to regular review and have therefore put together a programme, which will ensure that each system is regularly audited. The following table summarises our plans. Key systems audits for 2008/9 are included in the above list.

Key Systems	Main Client	2007/8	2008/9	2009/10	20010/11
Sales, Invoicing, Income and Debt Management	CFO	Full Review	Follow-up	None	Full Review
Procurement, Contracts and Accounts Payable	CFO	Follow-up	Full Review	Follow-up	None
Stock Management and Control	CFO	None	Full Review	Follow-up	None
LG Pension Administration and Pension Fund	CFO	Follow-up	Full Review	Follow-up	None
Fixed Assets (Capital Expenditure and Property Asset Management)	CFO	Reviews	Follow-up*	Full Review	Follow-up
Cash Collection, Banking, Reconciliation and Treasury Management	CFO	Full Review	Follow-up	None	Full Review
Recruitment, HR and Payroll	HoSS	Full Review	Follow-up	None	Full Review
Council tax (Income and Expenditure)	HoSS	Follow-up	None	Full Review	Follow-up
NNDR	HoSS	Follow-up	None	Full Review	Follow-up
Housing Benefits	HoH	Follow-up	Full Review	Follow-up	None

* Follow-up planned in 2008/9 for separate audits on Property Asset Management and Capital Expenditure

AGENDA ITEM: 7

Page nos. 31 - 44

Meeting	Audit Committee
Date	19 March 2008
Subject	Annual Workplan of the Corporate Anti Fraud Team 2008/09
Report of	Deputy Director of Corporate Governance
Summary	The Committee is asked to note the Annual Workplan of the Corporate Anti Fraud Team 2008/09

Officer Contributors	Val Lambe Corporate Anti Fraud Team Manager Dorne Kanareck, Deputy Director of Corporate Governance
Status (public or exempt)	Public
Wards affected	N/A
Enclosures	Corporate Anti Fraud Team Annual Workplan 2008/09
For decision by	Audit Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	N/A

Contact for further information: Val Lambe 0208 359 7791 Dorne Kanareck 0208 359 7988

1. RECOMMENDATIONS

- 1.1 That the Committee note the contents of the CAFT Annual Workplan for 2008/09 and that the Committee consider item 9.4 and await an updated Workplan once a response from the DWP is received.**
- 1.2. That the Committee consider whether there are any areas on which they require additional information or action.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 The Corporate Anti Fraud Team (CAFT) was launched on 7 May 2004 (delegated powers report, ref: BT/2004-05 -2 March 2004)
- 2.2 On 4 April 2006, the Audit Committee included in the work programme for 2006/7, that an annual workplan of the Corporate Anti Fraud Team be produced to this meeting.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Council's Corporate Plan has set eight key objectives to provide more choice and better value over the next four years, the work of the Corporate Anti Fraud Team supports this through delivering value for money through better use of resources.

4. RISK MANAGEMENT ISSUES

- 4.1 The Corporate Anti Fraud Team has a duty to the Council in the protection of the public purse through prevention, detection, investigation and deterrence of fraud.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 The Corporate Anti Fraud Team is committed to promoting equality, challenging discrimination and developing community cohesion. This will be demonstrated through the Annual Workplan and our service delivery.
- 5.2 Our Annual Workplan will have no adverse impact or diversity issues. CAFT have worked closely with the Benefits Service in ensuring that forms and leaflets have been modified and adapted so that all members of the community, especially vulnerable groups, have an understanding of the services provided and reduce the likelihood of intentional or other fraud being committed.

6. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

- 6.1 None

7. LEGAL ISSUES

- 7.1 None

8. CONSTITUTIONAL POWERS

- 8.1 The Constitution, Part 3, Paragraph 2, details the functions of the Audit Committee including, "To monitor Council policies on Raising Concerns at Work" and the anti-fraud and anti-corruption strategy and the Council's complaints process".

9 BACKGROUND INFORMATION

- 9.1 The CAFT consists of;

- Visiting / HBMS Team
- Intelligence Team
- Investigation Team
- Support Team

- 9.2 The team continues to operate within the Counter Fraud Framework. The Framework consists of a set of comprehensive documents which details the Council's Fraud Response Plan, Fraud Reporting Toolkit, Prosecution Policy and the Whistle blowing Policy.

- 9.3 Both the authority's internal and external auditors have expressed positive feedback, particularly in relation to the introduction of the Counter Fraud Framework.

- 9.4 The CAFT Workplan for 2008/09 sets out the key objectives for the year. This Workplan will need to be revisited and updated as it does not include all our key objectives for the year. This will be finalised once instructions from the Department of Work and Pensions (DWP) are given.

The DWP are currently in consultation over the new performance indicators to be included into the Performance Framework from April 2008 and I am unable to define specific key service objectives until this decision is reached.

10. LIST OF BACKGROUND PAPERS

- 10.1 None

Legal: JL
CFO: CM

Corporate Anti-Fraud Team

Annual Workplan 2008-2009

1. Background Information	
1.1 Organisational Vision	<p>The Council is committed to demonstrating that services represent value for money and that there is a continuous drive to improve quality, efficiency and effectiveness of services. The work of the Corporate Anti Fraud Team (CAFT) supports this whilst delivering a ZERO tolerance agenda on Fraud and Corruption within the London Borough Barnet.</p> <p>The aim and objective of CAFT is to provide a specialist investigation service to the Council as well as giving advice and assistance, and providing a comprehensive Fraud Awareness Training and Education programme throughout the organisation. The team continues to operate within the Counter Fraud Framework which consists of a set of comprehensive documents which details the Council's Fraud Response Plan, Fraud Reporting Toolkit, Prosecution Policy and the Whistle Blowing Policy.</p> <p>CAFT continually strives to develop partnership links and protocols with other agencies and the community in the area of Fraud Awareness, Prevention and Detection.</p>
1.2 Description of Theme Services	<p>Investigation of Internal fraud and corruption. Investigation of Housing and Council Tax Benefit fraud. The assistance in the identification of incorrect Housing and Council Tax Benefit awards. The administration of the Housing Benefit Data Matching Service (HBMS) data matches. Delivery of a comprehensive Fraud Awareness Training and Education Programme.</p>
1.3 Directorate Description	<p>The Corporate Governance Directorate promotes the highest standards of conduct, accountability and transparency in the way the Council and its partnerships operate. Safeguarding the Council's legal interests and democratic responsibilities, providing independent audit assurance, and assisting in delivering the anti-crime strategy.</p>
2. Key Priority Plans 2008/09	
2.1 Key Objective	<p>There will no longer be Key Priority Plans in 2008/09 for CAFT to report on, instead we will be setting performance priorities based on the targets defined by the Department of Work and Pensions (DWP), Best Value Performance Indicators (BVPs), good practice and changes in legislation.</p>

These performance priorities will be finalised once instructions from the Department of Work and Pensions (DWP) are given. The DWP are currently in consultation over the new performance indicators to be included into the Performance Framework from April 2008 and I am unable to define specific key service objectives until this decision is reached.

3. Meeting Key Service Objectives 2008/09

3.1 Key Themes Objectives

Objective

Review Whistle Blowing Policy and literature.

Review all existing internal & external Key Partner Protocols.

Deliver bespoke Fraud Awareness training upon request to individual services within the Council.

Continue with the growth and development of CAFT's internet & intranet sites including a page of Frequently Asked Questions (FAQs)

Review the joint working strategy between CAFT and the Communications Team.

Advance into the field of financial investigations and money laundering.

3.2 Priority Improvement Initiatives

Initiative

Target Date

Completion Date

Lead

Review Whistle Blowing Policy and literature

Review Whistle Blowing Policy contained in the Counter Fraud Framework along with accompanying literature i.e. whistle blowing leaflet, poster etc.

Quarter 1

CAFT Management Team.

Initiative	Target Date	Completion Date	Lead
Review and all existing internal & external Key Partner Protocols			
All existing internal and external Key Partner protocols are subject to an annual review. All partners will be invited to review their existing protocol to ensure compliance with existing and future working arrangements. CAFT are always looking to develop further Key Partner Protocols and will be addressing this action after the review of the existing internal and external protocols.	Quarter 1 Quarter 2		CAFT Management Team. CAFT Management Team.
Initiative	Target Date	Completion Date	Lead
Deliver bespoke Fraud Awareness training upon request to individual services within the Council.			
Promote and raise awareness of this facility in CAFT. This will be delivered on an individual	As & when required		CAFT Management Team.

	requirement basis and this facility will be raised and promoted throughout the year.			
	Initiative	Target Date	Completion Date	Lead
	Continue with the growth and development of CAFT's internet & intranet sites including a page on Frequently Asked Questions (FAQs).			
	<p>Continue to work with the Corporate Governance's Performance and Organisational Development Team in the growth and progression of CAFT's internet and intranet sites.</p> <p>Develop a CAFT Frequently Asked Questions (FAQ) page to address common enquiries.</p> <p>Work with the Intelligence & Performance Team in promoting quality referrals to CAFT.</p>	<p>Ongoing throughout 08/09 and in continuation with the 07/08 initiatives.</p> <p>"The main objective is promoting 'the legal, constitutional, and ethical responsibilities of members and officers, enhancing transparency, clarity and probity of decision making and promoting best governance"</p>		<p>Jeff Lustig, Dorne Kanareck & Ann Rafferty.</p>

Initiative	Target Date	Completion Date	Lead
Review the joint working strategy between CAFT and the Communications Team			
Review the joint working strategy between CAFT and the Communications Team. Ensure the effectiveness of the strategy in publicising CAFT and its role within the Council's community and with its partners.	Ongoing		CAFT Management Team.
Set up regular quarterly liaison meetings between CAFT and Communications and invite internal/external partners to attend. Ensuring the promotion and recognition of joint working operations.	Ongoing, first meeting to be arranged for Quarter 1		CAFT Management Team.
Promotion of the Whistle Blowing and Fraud Hotline telephone facility.	Quarter 2/3		CAFT Management Team.
Organisation of Staff Open Day for 08-09	Quarter 3		CAFT Management Team.

Initiative	Target Date	Completion Date	Lead
<p>Advance into the field of financial investigations and money laundering.</p>			
<p>The CAFT have invested in quality training with the Asset Recovery Agency in the field of Financial Investigations during 2007/08. During 2008/09 specific Investigators and members of the CAFT Management Team will complete a Performance Development Portfolio (PDP) and become Accredited Financial Investigators.</p> <p>Ensuring that CAFT are equipped with the knowledge, understanding, skills and behaviours needed to manage financial intelligence and investigations in relation to confiscation and money laundering.</p>	<p>Quarter 3/4</p>		<p>CAFT Management Team.</p>

3.3 Risk	Local Objective	Risk	Likelihood (H, M, L)	Impact (H, M, L)	Mitigating Action	Lead Officer
Priority Improvement Initiative Risks						
	Review Whistle Blowing Policy and literature.	The Whistle Blowing Policy remains stagnant, becomes ineffective and staff lose confidence and trust in the Whistle Blowing system.	L	H	<p>The Whistle Blowing Policy is on CAFT’s intranet page and it is a comprehensive document that makes up part of the Counter Fraud Framework.</p> <p>The Policy is reviewed on how the procedures work in practice and we ensure that seminars on Whistle Blowing law and policy are attended and details disseminated to all relevant parties.</p>	CAFT Management Team
	Review all existing internal & external key Partner Protocols.	Protocols remain stagnant and do not address existing and future working arrangements.	L	M	Quarterly Liaison meetings between CAFT and its existing Internal & key partners. All meetings will be documented.	CAFT Management Team

	Deliver bespoke Fraud Awareness training upon request to individual services within the Council.	Inability to provide the training programme across the Authority due to lack of knowledge and skills.	L	H	Develop skills within the team to increase the number of facilitators who can deliver the training.	CAFT Management Team
	Continue with the growth and development of CAFT's internet & intranet sites including a page on FAQs.	Information on the internet and intranet is outdated and may not address or cover current issues.	L	M	Representatives from CAFT are working with the Corporate Governance Performance and Organisation Development Team on updating the Corporate Governance web sites.	CAFT Management Team & POD
	Review the joint working strategy between CAFT and the Communications Team.	Council's position or reputation damaged or compromised by poor publicity.	L	H	Regular quarterly meetings being arranged between CAFT and Communications, ensuring that accurate information is promoted and published.	CAFT Management Team
	Advance into the field of financial investigations and money laundering.	Failure to pass and attain an accreditation in financial investigations	M	M	The staff who are involved in this process have a personal mentor allocated by the Asset Recovery Agency to coach and steer	CAFT Management Team

		through non completion of the Performance Development Portfolios.			them through this new challenge.	
3.4 Equalities	<p>The London Borough of Barnet has an Equalities Policy that is monitored and regularly reviewed which CAFT ensure is implemented and promoted within our service. Our Annual Workplan will have no adverse impact or diversity issues.</p> <p>The CAFT is committed to promoting equality, challenging discrimination and developing community cohesion. This will be demonstrated through the Annual Workplan and our Service delivery Plan.</p> <p>The CAFT have worked closely with the Benefits Service in ensuring that forms and leaflets have been modified and adapted so that all members of the community, especially vulnerable groups, have an understanding of the services provided, thus reducing the likelihood of intentional or other fraud being committed.</p> <p>The CAFT offer a free translation service to everyone who attend interviews to ensure that all members of the community have equality of access and understanding. Investigation cases in CAFT are reviewed by the CAFT management to ensure compliance with Barnet's Equality Policy.</p>					
4. Workforce Planning						
4.1 Learning & Development	<p>CAFT have a service specific Learning & Development Plan that links into the Corporate Governance Training Plan.</p> <p>CAFT will develop bespoke training upon request for specific service area requirements.</p> <p>CAFT will continue to deliver the Fraud Awareness and Education programme through the authority and to its partners.</p> <p>CAFT are committed to continued staff development, encouraging secondment opportunities both within the team and in other service areas.</p> <p>Members of the CAFT Management Team are participating in a Corporate Governance Management Development Programme. This will equip managers with the skills needed to operate in a more flexible and ever changing dynamic environment.</p>					

AGENDA ITEM: 8

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Meeting	Audit Committee
Date	19 March 2008
Subject	Audit Committee Work Programme for 2008/09
Report of	Deputy Director of Resources & Chief Finance Officer
Summary	To propose a work programme for the Audit Committee for the next twelve months.

Officer Contributors	Head of Strategic Finance
Status (public or exempt)	Public
Wards affected	None
Enclosures	Appendix A – Work Programme 2008/09
For decision by	Audit Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	N/A

Contact for further information: Jonathan Bunt, Head of Strategic Finance 020 8359 7249

1. RECOMMENDATIONS

- 1.1 That the programme of work for the Committee as set out in Appendix A be approved;
- 1.2 That the Committee gives its views on proposals for member briefings as set out in paragraph 9.9.

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Audit Committee Work Programme for 2007/08, 28 February 2007.
- 2.2 Audit Committee, 27 February 2007, maintained the previous decisions to review annually the terms of reference and to put in place a programme of training for its members and to instruct the Chief Finance Officer to map out the likely work programme for the forthcoming year.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The audit plan is designed to review key systems, which in turn are designed to deliver key service objectives. These contribute to the delivery of Key Priorities and the Corporate Plan, in particular the priority of More Choice Better Value.

4. RISK MANAGEMENT ISSUES

- 4.1 In recommending revised terms of reference to the Constitution Review Committee, the Audit Committee also accepted the following "Statement of Purpose" as part of the new terms of reference:-

The purpose of an audit committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Effective systems of audit, internal control and corporate governance provide assurance on the effective allocation of resources and quality of service provision for the benefit of the entire community.

6. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

- 6.1 None.

7. LEGAL ISSUES

- 7.1 None.

8. CONSTITUTIONAL POWERS

- 8.1 The Audit Committee's terms of reference are noted in Part 3, Section 2 of the Council's Constitution.

9. BACKGROUND INFORMATION

- 9.1 The terms of reference were reviewed at the meeting on 27 February 2008. This maintained that the Audit Committee should receive a further report outlining an annual work programme based on having five meetings a year – the first meeting to agree the work programme and the following four meetings to deal with reports. That is reflected in the scheduled dates for the committee over 2008/09:

2008

- 19 March 2008
- 24 June 2008
- 25 September 2008
- 9 December 2008

2009

- 10 March 2009
- 25 June 2009

- 9.2 Attached at Appendix A is a summary of the terms of reference, indicating the reports that it is felt appropriate for the Committee to consider. It is also shown the months that these reports could be considered, some of which are dictated by statutory deadlines, e.g. the statement of accounts must be considered before the end of June, and the Statement of Internal Control before the end of September.
- 9.3 Based on this, the Audit Committee should consider meetings at the following times:-

Meeting	Items
March	<ul style="list-style-type: none">● Consultation on annual review of council constitution, including:-<ul style="list-style-type: none">○ Audit Committee terms of reference○ Financial Regulations○ Contract Procedure Rules● Annual review of Audit Committee's Effectiveness● Setting work programme for the coming year● Data Integrity Report● Use of Resources – Internal Control Assessment & Action Plan● Internal Audit Annual Plan● Annual Audit & Inspection Plan (external)● Annual Audit & Inspection Letter (external)● Corporate Anti-Fraud Team (CAFT) Annual Plan
June	<ul style="list-style-type: none">● Internal Audit Annual Report

	<ul style="list-style-type: none"> • Corporate Anti-Fraud Team Annual Report (including whistle blowing) • Statement of Accounts
September	<ul style="list-style-type: none"> • Interim Audit Management Report (external) • Annual Governance Statement • ISA260 Report (external)
December	<ul style="list-style-type: none"> • Internal Audit Interim Report • Grants Audit Report (external) • CAFT Interim Report
As & When	<ul style="list-style-type: none"> • Appointment of External Auditors • Matters referred by the Chief Executive, Directors, Chief Finance Officer • Others reports agreed with Internal and External Audit

9.4 As previously agreed it would be good practice for the Chairman, Vice-Chairman and key officers to meet mid-way between Audit Committee meetings to review the agenda and progress with reports. This would enable the reports to focus on the key issues and not become too detailed.

9.5 The Audit Committee agreed at the 15 February 2006 meeting that it should have access to reports from inspection agencies about the Council's financial management and governance, to provide a source of assurance and to compare with any relevant internal and external audit reports. It also acknowledged the need to monitor executive and management action arising from such reports. It was agreed, however, that these reports would not ordinarily be considered as agenda items at the Audit Committee other than in exceptional circumstances, and that these reports would just be circulated to Members of the Committee by way of background material.

9.6 In the same vein, the Audit Committee accepted its members should maintain an awareness of the work of overview and scrutiny committees, so that they could take account of issues relevant to the Audit Committee's areas of interest.

9.7 The Audit Committee agreed that in considering reports set out in Appendix A it should also review relevant strategies that the Council has in place to regulate its activities and control the actions of employees, elected members and contractors. These strategies might include:-

- risk management
- value for money
- anti-fraud and corruption
- whistle blowing
- complaints procedures.

Responsibility must rest with the relevant report authors to ensure the current position of these strategies is incorporated in their reports.

9.8 The reports on the annual Statement of Accounts and ISA260 bear further mention. The Audit Committee agreed at the 15 February 2006 meeting that in considering these reports it should focus on the following points:-

- the suitability of accounting policies and treatments, including any changes in these from the previous year;
- major judgemental areas (e.g. provisions);
- significant adjustments and material weaknesses in internal control reported by the External Auditor.

9.9 In finalising the annual work programme for 2006-07, the Committee was urged to bear in mind that it agreed to a programme of briefing sessions, workshops and seminars to be put in place for its members, which would run over a period of 12 month after the May 2006 elections. It was proposed that this could be delivered by having a further date in the diary one month prior to each of the Committee meetings, at which discussions and briefings could focus on the background to the issues on the agenda for the forthcoming meeting. Members views are sought as to whether these sessions, where run, have been beneficial and whether they should be continued ahead of the meetings in 2008-09

10. LIST OF BACKGROUND PAPERS

10.1 None.

Legal: JL

CFO: JB

Audit Committee – 2008/09 Work Programme

Terms of Reference		Reports	Report Author	Provisional Date
•	AUDIT ACTIVITY			
1	To consider the head of internal audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements.	Internal Audit Annual Plan Internal Audit Interim Report Internal Audit Annual Report	HoIA&EG HoIA&EG HoIA&EG	March December June
2	To consider summaries of specific internal audit reports as requested.	Internal Audit Interim Report Internal Audit Annual Report	HoIA&EG HoIA&EG	December June
3	To consider reports dealing with the management and performance of the providers of internal audit services.	Internal Audit Annual Report	HoIA&EG	June
4	To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.	Internal Audit Interim Report Internal Audit Annual Report	HoIA&EG HoIA&EG	December June
5	To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.	Annual Audit & Inspection Letter Interim External Audit Management Report	HoSF HoSF	March September
6	To consider specific reports as agreed with the external auditor.	External Audit Grants Report Data Integrity Audit Report	HoSF BIM	December March
7	To comment on the scope and depth of external audit work and to ensure it gives value for money.	Annual Audit & Inspection Plan	EDoR	March

Terms of Reference		Reports	Report Author	Provisional Date
8	To liaise with the Audit Commission over the appointment of the council's external auditors.	-	-	Determined by Audit Commission
9	To commission work from internal and external audit.	It is envisaged that requests for ad-hoc reports would arise from the consideration of other scheduled reports.	-	At next available meeting (subject to time required to complete work), unless urgent.
• REGULATORY FRAMEWORK				
10	To maintain an overview of the council's constitution in respect of contract procedure rules and financial regulations.	To receive reports as part of the annual review of the council's constitution.	CFO	September to April
11	To review any issue referred to it by the Chief Executive or a Director, or any council body.	Ad hoc.	Person or body referring the matter.	At next available scheduled meeting, unless urgent.
12	To monitor the effective development and operation of risk management and corporate governance in the council.	It is envisaged that this would be part of the assurance framework presented with the annual report on the Annual Governance Statement – see 14.	-	-
13	To monitor council policies on 'Raising Concerns at Work' and the anti-fraud and anti-corruption strategy and the council's complaints process.	CAFT Annual Plan CAFT Interim Report (including whistle blowing) CAFT Annual Report (including whistle blowing)	DoCG DoCG DoCG	March December June
14	To oversee the production of the authority's Annual Governance Statement and to recommend its adoption	Annual Governance Statement	DoCG/CFO	June

Terms of Reference		Reports	Report Author	Provisional Date
15	To consider the council's compliance with its own and other published standards and controls.	Use of Resources – Internal Control Assessment & Action Plan	EDoR	March
•	ACCOUNTS			
16	To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.	Draft Statement of Accounts	HoSF	June
17	To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.	ISA260	HoSF	September
•	REVIEW OF EFFECTIVENESS			
18	To conduct an annual review of the effectiveness of the Audit Committee	Annual Review of Audit Committee's Effectiveness	CFO	March

Report Authors

EDoR	Executive Director of Resources
CFO	Chief Finance Officer
HoSF	Head of Strategic Finance
BIM	Business Improvement Manager
HoIA&EG	Head of Internal Audit & Ethical Governance
DoCG	Director of Corporate Governance

AGENDA ITEM: 9

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Meeting	Audit Committee
Date	19 March 2008
Subject	Annual Audit & Inspection Letter 2006/07
Report of	Deputy Director of Resources & Chief Finance Officer
Summary	This report advises the committee of the Audit Commission report on the 2006/07 Audit of Accounts and Inspection.

Officer Contributors	Maria G. Christofi, Finance Manager (Projects), Strategic Finance
Status (public or exempt)	Public
Wards affected	Not applicable
Enclosures	Appendix A – Annual Audit and Inspection Letter 2006/07
For decision by	Audit Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	None

Contact for further information: Jonathan Bunt, Head of Strategic Finance on 020 8359 7249

1. RECOMMENDATIONS

- 1.1 That the Audit Commission Annual Audit & Inspection Letter for 2006/07 be accepted as a reasonable statement on the Council's position in respect to financial standing, and financial and performance management arrangements.
- 1.2 That the Committee consider whether there are any areas on which they require additional information or action.

2. RELEVANT PREVIOUS DECISIONS

- 2.1 None.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Annual Audit and Inspection Letter addresses fundamental aspects of financial standing and performance management in Barnet, which relates to the Council's 'More Choice, Better Value' priority.

4. RISK MANAGEMENT ISSUES

- 4.1 The Annual Audit and Inspection Letter has many positive things to say about the Council, but highlights areas of weakness that must be addressed over the coming year. Failure to do so carries the risk of further adverse comment and has the potential to reduce our Use of Resources or Service Block ratings.

5. EQUALITY AND DIVERSITY ISSUES

- 5.1 The Annual Audit and Inspection Letter covers the inspection and assessment of all services within the authority which, in turn, impact on all members of the community.

6. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

- 6.1 This report deals with the Council's financial standing. The external auditor's comment on balances should be noted.

7. LEGAL ISSUES

- 7.1 The relevant statutory provisions are referred to in the body of the report and in both the Annual Audit and Inspection Letter.

8. CONSTITUTIONAL POWERS

- 8.1 Constitution Part 3, Section 2 details the functions of the Audit Committee including "To consider the external auditor's annual letter" and "To comment on the scope and depth of external audit work and to ensure it gives value for money".

9 BACKGROUND INFORMATION

- 9.1 The purpose of the Annual Audit and Inspection Letter is to summarise the conclusions of and significant issues identified by the Council's External Auditor, GT Grant Thornton UK LLP, during their audit and inspection.
- 9.2 The External Auditor is expected to attend the Committee meeting to introduce his report and respond to questions. In the meantime, this covering report extracts the key messages from within the Annual Audit and Inspection Letter 2006/07, which is attached.
- 9.3 The following is drawn to the attention of the Committee:
- 9.3.1 The Statement of Accounts were given an unqualified audit opinion.
- 9.3.2 The Council has continued to improve well this year moving to a four-star authority overall. Barnet is now amongst 37 per cent of councils who perform at the highest star rating.
- 9.3.3 Performance has improved in Adult social care and housing and sustained in all the rest of the services. This now mean all of the six service areas which contribute towards the overall Comprehensive Performance Assessment (CPA) rating are consistently performing well. Both adult social care and housing improved from level 2 (performing adequately) to level 3 (performing well) out of 4 this year.
- 9.3.4 Whilst children and young people, environment, culture and benefits services' all sustained their previous performance ratings, improvements within services were noted. In particular the enjoying and achieving element of children's services was graded as 'outstanding' (4 out of 4) this year.
- 9.3.5 The Council has sustained its good use of resources, with notable improvements in financial management and standing. All of the five themes which make up the overall use of resources now perform well (level 3 out of 4). Sixty seven per cent of all councils perform at this level.
- 9.3.6 Good value for money continues to be provided. Plans for further improvement, including the new customer access strategy, are clear, outcome focussed and linked to the medium term financial strategy. Good progress is noted in its ambitious regeneration programmes.
- 9.3.7 Performance indicators have improved from previous years, and are now above the single tier and county council (STCC) average.
- 9.3.8 There are notable reductions in crime and improved engagement with users and hard to reach groups. The alternative plans to finance the necessary long term public infrastructure to support the council's ambitious planned growth are also developing well.

- 9.3.9 Inspections published this year have returned positive results overall. The Council was judged to be administering a good 'two-star' supporting people programme that has 'promising' prospects for improvement, including a strong governance of the programme, a clear focus on value for money, and effective partnership working and performance management.
- 9.3.10 The Council should ensure that it is taking sufficient information to Cabinet regarding the amount of backlog maintenance and plans to address this. In addition, work should be conducted on the local performance indicators in relation to assets and how they are being used to meet corporate objectives.
- 9.3.11 Areas highlighted for improvement include engagement and involvement of service users in all aspects of the programme, more consistent working of providers and the lack of on-going contracts being issued which affects the ability of providers to plan their business developments effectively.
- 9.3.12 Further, areas highlighted for improvement included achievement of corporate plan targets, sustaining improvements in housing benefits and continued progress in the strengthening of scrutiny.
- 9.3.13 The one area that remains at level 2, which is adequate, is asset management. Specifically, Cabinet should be kept up-to-date regarding the amount of backlog maintenance and plans to address this. In addition, further work should be carried out on the local performance indicators in relation to assets and how they are being used to meet corporate objectives.
- 9.3.14 The Council has a short term and long term plan in relation to asset management. In the short term, whilst officers consider the majority of the asset management information is available it is currently not in one place or in a consistent format, so an exercise will be undertaken to address this in order to facilitate reporting to Members. In the longer term, the aim is to consolidate asset management information in SAP, or some other system necessary, and to address any maintenance backlogs as part of the 2009/10 budget process.
- 9.3.15 It has been recommended to Cabinet resources Committee on 25 February 2008 on the Hendon Town Hall Refurbishment, that Cabinet review the revenue base budget provision for buildings maintenance across the council as part of the 2009/10 budget process.
- 9.3.16 The Council has continued to make contributions to its reserves balances, which reached £12.1million at 31 March 2007. It has been noted that balances have increased by over £11 million since 2004. However, it was emphasised that balances still remain on the low side when compared to other councils of a similar size and risk profile.
- 9.3.17 Although, an unqualified opinion and value for money conclusion on the accounts was given we have been unable to certify the audit as closed due to outstanding objections from prior year accounts.

10. LIST OF BACKGROUND PAPERS

10.1 None.

Legal: MM

CFO: JB

Annual Audit and Inspection Letter

Barnet London Borough Council

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles.

- Auditors are appointed independently from the bodies being audited.
- The scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business.
- Auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998, the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports

This report provides an overall summary of the Audit Commission's assessment of the Council, drawing on audit, inspection and performance assessment work and is prepared by your Relationship Manager.

In this report, the Commission summarises findings and conclusions from the statutory audit, which have previously been reported to you by your appointed auditor. Appointed auditors act separately from the Commission and, in meeting their statutory responsibilities, are required to exercise their professional judgement independently of the Commission (and the audited body). The findings and conclusions therefore remain those of the appointed auditor and should be considered within the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission.

Reports prepared by appointed auditors are:

- prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission; and
- addressed to members or officers and prepared for the sole use of the audited body; no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

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Key messages

- 1 The Council has continued to improve well this year moving to a four-star authority overall. Barnet is now amongst 37 per cent of councils who perform at the highest star rating.
- 2 Improvements in adult social care and housing now mean all of the six service areas which contribute towards the overall CPA rating are consistently performing well. Both adult social care and housing improved from level 2 (performing adequately) to level 3 (performing well) out of 4 this year.
- 3 Whilst children and young people, environment, culture and benefits services' all sustained their previous performance ratings, improvements within services were noted. In particular the enjoying and achieving element of children's services was graded as 'outstanding' (4 out of 4) this year.
- 4 The Council has sustained its good use of resources, with notable improvements in financial management and standing. All of the five themes which make up the overall use of resources now perform well (level 3 out of 4). Sixty seven per cent of all councils perform at this level.
- 5 The extent of improvement in performance indicators has improved from previous years, and is now above the single tier and county council (STCC) average. The number of performance indicators in the best quartiles though remains at just below national averages.
- 6 Direction of travel continues to be good with notable reductions in crime and improved engagement with users and hard to reach groups. The alternative plans to finance the necessary long term public infrastructure to support the council's ambitious planned growth are also developing well. Areas highlighted for improvement included achievement of corporate plan targets, sustaining improvements in housing benefits and continued progress in the strengthening of scrutiny.
- 7 Inspections published this year have returned positive results overall. The Council was judged to be administering a good 'two-star' supporting people programme that has 'promising' prospects for improvement. The Physical and Sensory Disabilities inspection by CSCI found 'some' people were served well with 'promising' capacity to improve.

Action needed by the Council

- 8 The Council should ensure that it is taking sufficient information to Cabinet regarding the amount of backlog maintenance and plans to address this. In addition, further work should be carried out on the local performance indicators in relation to assets and how they are being used to meet corporate objectives.

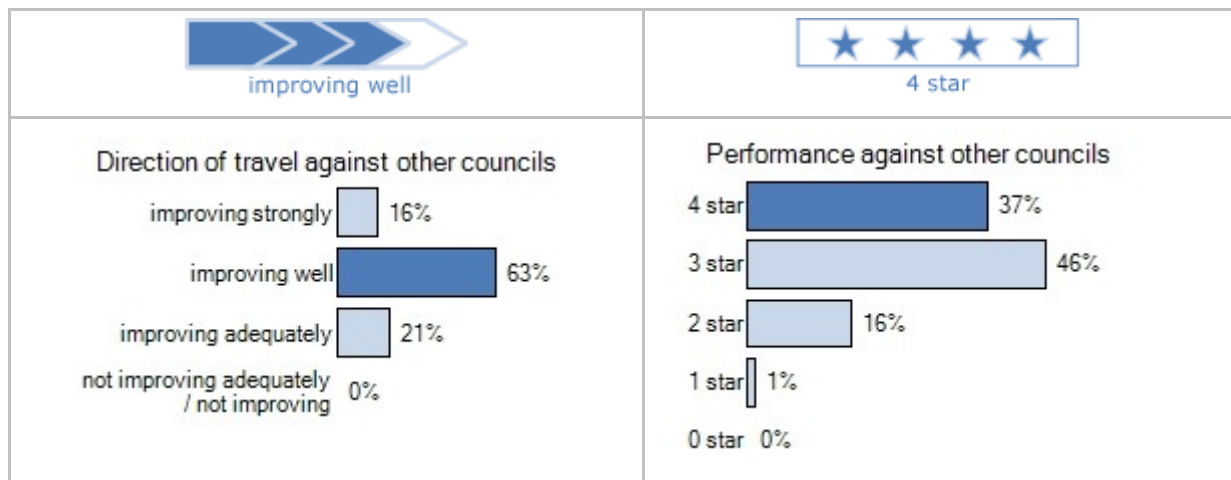
Purpose, responsibilities and scope

- 9 This report provides an overall summary of the Audit Commission's assessment of the Council. It draws on the most recent Comprehensive Performance Assessment (CPA), the findings and conclusions from the audit of the Council for 2006/07 and from any inspections undertaken since the last Annual Audit and Inspection Letter.
- 10 We have addressed this letter to members as it is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money. We have made recommendations to assist the Council in meeting its responsibilities.
- 11 This letter also communicates the significant issues to key external stakeholders, including members of the public. We will publish this letter on the Audit Commission website at www.audit-commission.gov.uk. [In addition the Council is planning to publish it on its website].
- 12 Your appointed auditor is responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, the auditor reviews and reports on:
 - the Council's accounts;
 - whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion); and
 - whether the Council's best value performance plan has been prepared and published in line with legislation and statutory guidance.
- 13 This letter includes the latest assessment on the Council's performance under the CPA framework, including our Direction of Travel report and the results of any inspections carried out by the Audit Commission under section 10 of the Local Government Act 1999. It summarises the key issues arising from the CPA and any such inspections. Inspection reports are issued in accordance with the Audit Commission's duty under section 13 of the 1999 Act.
- 14 We have listed the reports issued to the Council relating to 2006/07 audit and inspection work at the end of this letter.

How is Barnet Council performing?

- 15 The Audit Commission’s overall judgement is that Barnet Council is improving well and we have classified Barnet Council as four-star in its current level of performance under the Comprehensive Performance Assessment. These assessments have been completed in all single tier and county councils with the following results.

Figure 1



Councils with a CPA star rating under review or with a direction of travel judgement that is subject to review are excluded from this analysis

Source: Audit Commission

- 16 The detailed assessment for Barnet Council is as follows.

Our overall assessment - the CPA scorecard

Table 1 CPA scorecard

Element	Assessment
Direction of Travel judgement	Improving well
Overall	4 star
Corporate assessment/capacity to improve	3 out of 4
Current performance	
Children and young people*	3 out of 4
Social care (adults)*	3 out of 4
Use of resources*	3 out of 4
Housing	3 out of 4
Environment	3 out of 4
Culture	3 out of 4
Benefits	3 out of 4

(Note: * these aspects have a greater influence on the overall CPA score)
(1 = lowest, 4 = highest)

The improvement since last year - our Direction of Travel report

- 17 Barnet Council is improving well. Over two thirds of performance indicators improved in 2006/07 comparing well with others, with good achievements in key priority areas. Housing and adult social care services increased their overall ratings. Educational attainment at all key stages remain above national expectations. Performance in housing benefits claims and aspects of street cleaning deteriorated, although improving during 2007/08. Partnership working is having a positive impact in delivering wider community outcomes. Crime has reduced with significant reductions in violent crime. Engagement with residents and hard to reach groups has improved. The Council continues to provide good value for money. Plans for further improvement, including the new customer access strategy, are clear, outcome focussed and linked to the medium term financial strategy. Implementation of improvement plans is mixed, meeting less than half of its own overall targets in 2006/07, but with good progress in its ambitious regeneration programmes. Financial management and standing has improved and the alternative approach to funding the infrastructure needed to support future growth is developing well. Plans to strengthen scrutiny are underway. The Council is well placed to deliver further improvements.

Service inspections

- 18 Audit Commission inspections published this year include the inspection of the Council's Supporting people programme. The Council was judged to be administering a good 'two-star' supporting people programme that has 'promising' prospects for improvement. The report highlighted strong governance of the programme, a clear focus on value for money, and effective partnership working and performance management. Areas highlighted for improvement include engagement and involvement of service users in all aspects of the programme, more consistent working of providers and the lack of on-going contracts being issued which affects the ability of providers to plan their business developments effectively. A copy of the full report can be accessed via the Commission's website, www.audit-commission.gov.uk.
- 19 An important aspect of the role of the Relationship Manager is to work with other inspectorates and regulators who also review and report on the council's performance. Relationship Managers share information and seek to provide 'joined up' regulation to the Council. During the last year the Council has received the following assessments from other inspectorates.
- An annual performance assessment of children's services.
 - An annual performance assessment of adult social care services.
 - An annual performance assessment of benefits services.
 - An inspection of physical and sensory disabilities.
- 20 A summary of the overall judgements for each assessment is included in the preceding paragraphs.
- 21 The annual performance assessment of Barnet's children's services judged the overall effectiveness of Children's Services at a grade 3 (out of a possible 4). The assessment found that Barnet Council consistently delivers good services for children and young people. The council's contribution to enjoying and achieving is outstanding; its contribution towards improving outcomes for being healthy, staying safe, making a positive contribution and achieving economic well-being remain good. The contribution of the council to the management of its services for children and young people and its capacity to improve them further is good. The full assessment can be access via the inspectorate's website at www.ofsted.gov.uk.
- 22 The Commission for Social Care Inspection's annual performance assessment of adult social care services judged there to be 'good' delivery of outcomes with 'promising' capacity to improve services, achieving an improved two stars (out of a possible three stars) rating overall. The full assessment can be access via the inspectorate's website, www.csci.gov.uk.

- 23 The Benefit Fraud Inspectorate's (BFI) Comprehensive Performance Assessment of the benefits service concluded that the Council achieved a rating of excellent against 6 of the 13 performance measures scored by the Department and met 62 out of the 65 enablers. This resulted in a sustained performance standards score of 'good' (level 3 out of 4). The full assessment can be accessed via the inspectorate's website at www.bfi.gov.uk.
- 24 The Commission for Social Care inspection of Physical and Sensory Disabilities concluded that 'some' people were being served well by services in the London Borough of Barnet, and that the council's capacity for improvement was 'promising'. The inspection looked at social care services for people with physical or sensory impairments which were commissioned or provided by the council, and an assessment of the council's joint working and jointly provided services. The full report can be accessed via the inspectorate's website at www.csci.gov.uk.

The audit of the accounts and value for money

- 25 Your appointed auditor has reported separately to the Audit Committee on the issues arising from the 2006/07 audit and has issued:
- an audit report, providing an unqualified opinion on your accounts and a conclusion on your vfm arrangements to say that these arrangements are adequate on 26 September 2007; and
 - a report on the Best Value Performance Plan confirming that the Plan has been audited.

Use of Resources

- 26 The findings of the auditor are an important component of the CPA framework described above. In particular the Use of Resources score is derived from the assessments made by the auditor in the following areas.
- Financial reporting (including the preparation of the accounts of the Council and the way these are presented to the public).
 - Financial management (including how the financial management is integrated with strategy to support council priorities).
 - Financial standing (including the strength of the Council's financial position).
 - Internal control (including how effectively the Council maintains proper stewardship and control of its finances).
 - Value for money (including an assessment of how well the Council balances the costs and quality of its services).
- 27 For the purposes of the CPA your auditor has assessed the Council's arrangements for use of resources in these five areas as follows.

Table 2

Element	Assessment
Financial reporting	3 out of 4
Financial management	3 out of 4
Financial standing	3 out of 4
Internal control	3 out of 4
Value for money	3 out of 4
Overall assessment of the Audit Commission	3 out of 4

(Note: 1 = lowest, 4 = highest)

The key issues arising from the audit

- 28 The 2006/07 financial year marked significant changes to the format and content of the accounts through the introduction of the 2006 SORP. We were pleased to note that the Council were proactive in their assessments of these changes and initiated discussions with us to reach an agreement on their proposed treatments. This approach reduced any impact on the overall completion of the audit, with the accounts approved before the 30 September deadline. Although we gave an unqualified opinion and value for money conclusion on the accounts we have been unable to certify the audit as closed due to outstanding objections from prior year accounts.
- 29 The overall quality of the Council's working papers to support the financial statements has improved, specifically in the areas that we had identified in our previous audits.
- 30 The Council has continued to make contributions to its reserves balances, which reached £12.1million at 31 March 2007. We have continued our focus on the adequacy of general fund balances and are pleased to note that balances have increased by over £11 million since 2004. However, we would emphasise that balances still remain on the low side when compared to other councils of a similar size and risk profile.
- 31 The Council was also required to prepare Whole of Government Accounts (WGA); the Council complied with this requirement with no significant changes subsequent to audit review.
- 32 We undertook our assessments of the Council's progress against the key lines of enquiry. This is the third year for these assessments and again the Council has been improving in individual areas such as financial standing, the assurance framework and the Council's Annual Report. Overall the Council remains at level 3, consistently above minimum requirements, which is a reflection of the work there has been to embed arrangements. There are now a number of key strengths including arrangements for the preparation of the Statement on Internal Control. The challenge going forward is to demonstrate that arrangements across the spectrum of Use of Resources categories drive improvement in process, that they have impact in outcomes, and can be considered best practice.
- 33 The one area that remains at level 2, which is adequate, is asset management. Specifically, the Council should ensure that it is taking sufficient information to Cabinet regarding the amount of backlog maintenance and plans to address this. In addition, further work should be carried out on the local performance indicators in relation to assets and how they are being used to meet corporate objectives.
- 34 An area which still has some scope for improvement is the preparation of grant claims. The Council needs a consistent approach to the preparation of these claims to ensure that errors and/or qualifications are reduced in the future. We are pleased to note however that the Council has implemented new measures and training as a result of the findings from these reviews.

Looking ahead

- 35** The public service inspectorates are currently developing a new performance assessment framework, the Comprehensive Area Assessment (CAA). CAA will provide the first holistic independent assessment of the prospects for local areas and the quality of life for people living there. It will put the experience of citizens, people who use services and local tax payers at the centre of the new local assessment framework, with a particular focus on the needs of those whose circumstances make them vulnerable. It will recognise the importance of effective local partnership working, the enhanced role of Sustainable Communities Strategies and Local Area Agreements and the importance of councils in leading and shaping the communities they serve.
- 36** CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate annual area risk assessment and reporting performance on the new national indicator set, together with a joint inspectorate annual direction of travel assessment and an annual use of resources assessment. The auditors' use of resources judgements will therefore continue, but their scope will be widened to cover issues such as commissioning and the sustainable use of resources.
- 37** The first results of our work on CAA will be published in the autumn of 2009. This will include the performance data from 2008/09, the first year of the new Local Area Agreements.

Closing remarks

- 38 This letter has been discussed and agreed with the chief executive. A copy of the letter will be presented at the audit committee on 19 March 2008. Copies need to be provided to all Council members.
- 39 Further detailed findings, conclusions and recommendations on the areas covered by audit and inspection work are included in the reports issued to the Council during the year.

Table 3 Reports issued

Report	Date of issue
Audit and inspection plan	March 2006
Annual Governance Report	September 2007
Opinion on financial statements	September 2007
Value for money conclusion	September 2007
Use of Resources Report	November 2007
Supporting People Inspection	May 2007
Annual audit and inspection letter	February 2008

- 40 The Council has taken a positive and constructive approach to audit and inspection work, and I wish to thank the Council's staff for their support and cooperation during the year.

Availability of this letter

- 41 This letter will be published on the Audit Commission's website at www.audit-commission.gov.uk, and also on the Council's website.

Claire Bryce-Smith
Relationship Manager

March 2008