

**MEETING****AUDIT COMMITTEE****DATE AND TIME****TUESDAY 29TH APRIL, 2014****AT 7.00 PM****VENUE****HENDON TOWN HALL, THE BURROUGHS, NW4 4BG**

Dear Councillors,

Please find enclosed additional papers relating to the following items for the above mentioned meeting which were not available at the time of collation of the agenda.

Item No	Title of Report	Pages
4.	PUBLIC QUESTIONS AND ANSWERS	1 - 14

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**AUDIT COMMITTEE  
TUESDAY, 29 APRIL 2014**

**ITEM 4 – PUBLIC QUESTION TIME**

**Note**

The time allowed for questions shall be limited to 30 minutes or a maximum of 20 questions, whichever occurs first.

The questioner at the meeting may ask one supplementary question to the original question, which will be answered without discussion.

Question Number	Item No	Raised By	Question Raised	Answer
1.	9	Mr Derek Dishman	Please can you list the 2 high and 4 medium priority recommendations?	<p>The report notes the two high priority recommendations.</p> <p>The other recommendations were as follows:</p> <p><b>1. Verification of Services</b> Management should ensure that the Clienting team fulfil their obligations in relation to the management of the contract and that issues which may affect their ability to do so are effectively managed.</p> <p>Specifically, management should identify which elements of contract management are the most important and prioritise these to ensure the contractor is complying with legal requirements including the appeals process. <i>(Note: We identified some areas where the Parking Clienting team's verification of services should be improved, for example, no validation controls are in place to ensure NSL have correctly followed the required Council procedures in</i></p>

**AGENDA ITEM 4**

Question Number	Item No	Raised By	Question Raised	Answer
				<p>relation to the parking appeals process.)</p> <p>Management should establish future resource requirements and ensure that the Clienting team is sufficiently resourced to fulfil their obligations. (See recommendation below – Resource Planning)</p> <p><b>2. Risk Management</b></p> <p>A risk management strategy should be introduced to ensure that risks identified by NSL are effectively recorded, monitored, and escalated to the Council in a timely manner.  <i>(Note: We identified areas where the Parking contract's risk management controls should be strengthened. This recommendation relates to a risk management strategy specifically for the Parking contract)</i></p> <p>Management should ensure that the Council's risk management process is adopted and that risks facing the Council in relation to the Parking contract are:</p> <ul style="list-style-type: none"> <li>• Identified, analysed, sufficiently mitigated and recorded on the Council's JCAD system; and</li> <li>• Regularly monitored, managed and escalated appropriately.</li> </ul> <p><b>3. Resource Planning</b></p> <p>Management should conduct a resource planning exercise and begin permanent recruitment as required, this could include:</p> <ul style="list-style-type: none"> <li>• The creation of a detailed resource plan, to identify key areas at risk;</li> </ul>

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			<p>Please can you list the 13 financial and non-financial benefits that were to be delivered?</p> <p>Were any of the 13 benefits met and if so, which and how often?</p> <p>Please may I have a copy of the Benefits Realisation Plan as at May 12?</p> <p>Have the KPI payments for 2012-13, which</p>	<ul style="list-style-type: none"> <li>• Planning of tasks required for permanent recruitment, including expected durations; and</li> <li>• The creation of a handover process and supporting documentation.</li> </ul> <p><b>4. Potential Budget Overspend</b></p> <p>Management should complete its review of the planned expenditure for the 13/14 financial year, fully identify the cause of the overspend and take action to address the issue.</p> <p>Management should liaise with the Finance team to ensure that sufficient funding is in place for future years and that performance related payments are included in budget estimates.</p> <p><i>(Note: At the time of our review we noted that management had documented the potential overspend through Quarter 2 and 3 performance monitoring, raised the issues with the Finance team and were taking steps to fully identify the cause of the overspend.)</i></p> <p><u>Responses from the Parking Service:</u> Please refer to attachment</p> <p>As per the audit report this was not monitored by the service prior to the audit however please refer to attachment for a status update against each of the 13 benefits.</p> <p>This can be made available – however please</p>

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			<p>lead to the associated performance payments, which are referred to in the summary, yet been agreed or is there a target date by which they will be agreed?</p> <p>Given that the KPI have not been met, why has the council not deducted the negative performance payment to which they are contractually entitled?</p> <p>This audit has taken place around 18 months after contract start. Should it not have taken place earlier? Was their sufficient Audit resource to carry it out earlier?</p>	<p>refer to attachment.</p> <p>An agreement was reached in March 2014 and a reduced payment in relation to KPI's has been made to NSL.</p> <p>The dispute related to the reasons why one particular KPI had not been met. During the discussions NSL made a strong case why they should have been granted relief and following the evidence being provided the Council, through the dispute resolution process, partially accepted some of the arguments made by NSL and a compromise position was agreed. This position allowed a degree of relief (the provisions of this are provided within the contract) and a degree of acceptance that KPI's had not been met. Therefore the Council have deducted performance related Bit Payments and agreed a sum that is substantially lower than the sums claimed by NSL.</p> <p><u>Response from Internal Audit:</u>  In the 2011/12 audit plan, internal audit conducted a review of the parking service which was given a 'limited' assurance rating. This audit was followed up in 2013 as well as an additional audit relating to Special Parking Account - PCN deletions/write off – which was given a 'satisfactory' assurance rating. This recent review of the parking contract was agreed as part of 2013/14 audit plan and the timing of this review has been communicated to</p>

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			Is the full audit report (suitably redacted) publicly available please?	and agreed by the audit committee. This demonstrates that there has been internal audit activity covering the parking service both in house and contracted out over the last 3 years. There is sufficient resource within internal audit.  This can be provided.
2.	7 (para. 9.9 and 9.10)	Ms Theresa Musgrove	Did Grant Thornton assess the internal auditing of Highways expenditure, and if not, will they undertake to carry out an urgent review of controls to ensure that there has been full compliance in the last financial year with the requirement of value for money, in the light of revelations regarding what appears to be a disproportionate allocation of funding to some wards, at the expense of others?  Would any proven disproportionate allocation, in the opinion of the external auditors, raise a potential risk of unlawful expenditure, or any other breach of regulations?	It is not the role of Internal Audit to review year on year the Highways Expenditure. Internal audit review general controls over expenditure and income, which is carried out each year.  The council has recently received an FOI request relating to Highways Expenditure, the resident has seen the response, which is available in the public domain.  If a resident is of the view that expenditure may be considered unlawful then the process is for them to raise an objection with the external auditor. The external auditor will then consider this alongside their responsibilities.
3.	9	Ms Theresa Musgrove	Limited Assurance, People Management  Regarding the use of agency staff who may not have been subject to the relevant DBS checks: how many members of staff supplied by Comensura have been employed by Barnet without confirmation of these checks, and of those how many were working with children or vulnerable people? Have all agency staff DBS checks now been verified by Barnet? If not,	The Council holds a central record of all posts require checks and the level of checks for those in contact with vulnerable people. Government agencies, including councils are highly regulated in this activity.  Internal audit did not audit Comensura. The audit recommendations relate to controls that should be in place in the Council around effective procedures to ensure that contract clauses and

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			<p>why not, and so far have any members employed by Comensura consequently been found by Barnet not to have been checked by the agency. Have any members of staff been found to have failed DBS checks?</p>	<p>relevant checks are complied with.</p> <p>It is a requirement for suppliers of agency workers to confirm the DBS status of the employee for posts requiring checks prior to any appointment. Audit have highlighted that the Council does not itself undertake checks, which would be an additional level of assurance.</p> <p>To date the Council has not identified any positions where the check has not been in place at the time of the appointment. At the same time, those agency workers in contact with the most vulnerable groups of staff are subject to additional checks including Warner-type interviews and pre-requisite for references in line with safer recruitment policies.</p>
9		Ms Theresa Musgrove	<p>The evidence in this report relating to limited assurances, and findings with no assurance, proves that not only does the authority continue to demonstrate incompetence in managing longer term contracts such as with Comensura and NSL, it has not addressed the most fundamental security issues created by the wholescale privatisation of our council services by Capita.</p> <p>Perhaps the Chair will remember, at the beginning of the current administration, the outcome of the Metpro scandal, and the revelation that the authority was failing to exercise its obligations to the taxpayers of this</p>	<p>No doubt the Members of the committee, including the Chair, will comment on the report when discussing the report with relevant Officers. My concern, as Audit Chair, is the length of the contracts. I trust that Internal and External Audit will continue to be transparent in their Audit Opinions.</p>



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			<p>borough by presiding over a culture of gross incompetence in the management of procurement and contractual activities.</p> <p>Does the Chair agree with me that there is a grave risk that the authority will continue to fail the taxpayers of this borough by failing now effectively to manage the Capita contracts, and to ensure that the aspirational savings and benefits so often celebrated by the Conservative administration become reality, rather than the empty promises of a door to door salesman, desperate for a quick buck?</p>	

## Audit Committee Public Questions: 1: Benefits Realisation Plan

Ref	Benefit Type	Benefit Description	Status
PARKI NG- B01	Financial	It is anticipated that budgeted income will remain broadly constant but that the cost of delivery can be driven down from a revised gross expenditure of £3.88m to £3.25m in the first year with further reductions in subsequent years.	In terms of financial monitoring, this is carried out on a weekly basis for income and a monthly basis for costs, with costs closely monitored against allocated budgets. Additionally quarterly monitoring reports are produced which identifies any discrepancies in terms of both savings and pressures.
PARKI NG- B02	Financial	Improved parking signs and lines will allow for greater compliance to be enforced within parking regulations leading to an improved ability to raise income from paid for parking spaces	The contract identifies the requirements for a signs and lines survey to be conducted and for signs and lines defects to be identified on an ongoing basis by the CEO's. A capital bid was submitted for appropriate sums of money to be made available to complete the signs and lines work arising from the survey and ongoing reports from the CEO's. The contract had anticipated NSL carrying out all necessary signs and lines work, however the rates submitted by NSL were not considered to provide best value and as such an alternative contractor has been commissioned to carry out this work in order to keep costs to a minimum. A substantial programme of signs and lines work was completed in the first year of the contract and a further substantial programme was commissioned in year two. This second programme has been commissioned in two stages due to a contractor change (end of contract term). The second (new contractor) is

PARKI NG- B03	Non- financial	By providing a better service for customers where infrastructure and signs and lines have adequate investment it will improve the reputation of the council for being able to deliver the service to a high standard	currently on site carry out a schedule of signs and lines work. It can be confirmed that paid for parking has increased, however it is not considered that this can be attributed solely to signs and lines improvements as other factors can equally influence this increase. It is therefore considered that this item needs to be reviewed as per the management response to the Audit.
PARKI NG- B04	Financial	It will be easier for customers to carry out parking related transactions online. This will improve the service for customers and will reduce the cost of running the service.	As per the response to item B02 - an alternative contractor commissioned to carry out the works to provide best value.  As a result of the poor satisfaction expressed in the Barnet Residents Attitude Survey a broad parking improvement project has been developed and is being overseen by the Parking Improvement Project Board chaired by the Commercial & Customer Services Director as project sponsor. This project includes a range of activities focused on the customer experience of parking in Barnet and a broad set of steps to address the resultant poor satisfaction expressed in the Barnet Residents Attitude Survey. The key purpose of the project is to ensure that all parking improvements work streams are joined up and that all the various delivery parties, CSG, Re, Parking Services and NSL have visibility of all of the dependencies that could impact the others. The Parking Improvement Project Board agreed on the 4th December the four main work packages and each of their objectives. These are:

			<ul style="list-style-type: none"> <li>● Parking Services</li> <li>● Parking Policy</li> <li>● Customer Experience</li> <li>● Communications</li> </ul> <p>The project board represents all of the service areas or contractors involved in the delivery of all of the work streams. Each work package has its own project plan and the project board meet twice monthly to monitor progress and ensure delivery is on track.</p> <p>A key element of the project is the development of a comprehensive parking policy for Barnet which will address the following objectives:</p> <ol style="list-style-type: none"> <li>a) Placing parking control in Barnet clearly in support of the Council's strategic objectives:       <ol style="list-style-type: none"> <li>i. Create the right environment to promote responsible growth, development and success across the borough</li> <li>ii. Support families and individuals that need it - promoting independence, well-being and reducing dependency</li> <li>iii. Improve the satisfaction of residents and businesses with the London Borough of Barnet as a place to live, work, and study</li> </ol> </li> <li>b) Provide a clear explanation of parking enforcement in Barnet against which residents and businesses will be able to hold the council parking Service to account for any poor performance.</li> <li>c) Detail the traffic management purposes for which parking controls</li> </ol>
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PARKI NG- B05	Non- financial	An improved payment collection system will result in decreased costs and increased revenue collection. The integration of the improved payment collection parking with the wider parking service provision will result in the customers receiving a more consistent and flexible range of services and will reduce the burden on the council of monitoring and coordinating the various aspects of the service.	are being used and underpin the Council's policies in setting charges.
PARKI NG- B06	Non- financial	To provide a service that is easy to access and simple to navigate.	As above
PARKI NG- B07	Non- financial	Be responsive to changing needs within the Borough and adjust service offerings accordingly	A Parking Client monitoring team are in place to manage the delivery of the outsourced parking contract with NSL. The specification anticipates a flexible working arrangement with a view to reviewing and amending service provision during the contract period to suit changing needs/circumstances. A formal change control process exists which will document any major changes agreed between the parties. The contractor has reviewed efficiency of the enforcement patrols and has agreed some minor changes in consultation with the client team, including increased

				resources to tackle particular areas of non-compliance. Other amendments have been made to on street and off street parking provision without any adverse reaction from the contractor.
PARKI NG-B08	Non-financial	To provide improved parking signs and lines in the Borough to allow both for better compliance by motorists but also for better enforcement as contravention of parking regulations will be clearer.	See response above to B02 and:  The Parking Client team actively monitor "Good Quality PCN's" through the contract provisions including the Key Performance Indicators, one of which includes the number of PCN's cancelled. The percentage of PCN's being cancelled has been consistently below the contract KPI requirement since contract commencement and is an improvement on the numbers cancelled prior to outsourcing the service.	
PARKI NG-B09	Non-financial	Improve customer satisfaction (both citizen and business customer) with the services provided in terms of ease of use, speed of response and transparency in the decision making process.	See response above to B04	
PARKI NG-B10	Non-financial	Streamlined, efficient, integrated services which is able to respond flexibly to situations as they arise	See response above to B07	
PARKI NG-	Non-financial	Fulfil all statutory requirements and meet all additional local priorities and	This is an area of concern that has been identified and where the Client Monitoring team is planning to step up its monitoring activity in order to drive up an improvement in service provision and in particular to address	

B11		agreements.	the poor outcome from PATAS appeals.
PARKI NG- B12	Non- financial	Have accurate customer intelligence and record keeping using well designed technology in co-operation with customer service staff who work for the council.	See response above to B04 and:  There has been recent investment in an improved Parking IT system, which provides better facilities to manage parking provision, including enhancements such as the ability to provide Virtual Permits and a much more advanced reporting tool. Further investments have been made by the Council's new strategic partner Capita, in terms of Customer facing IT systems and finance systems. The Parking Improvement Projects will ensure that these systems and the links between teams provides the correct platform to improve the customer journey and engagement with the Council.
PARKI NG- B13	Non- financial	Strategic partnering will lead to having a well trained, well motivated workforce with more opportunities for staff development and progress.	A number of the contractual Key Performance Indicators identify specific requirements in terms of initial and ongoing training for staff and also the retention of staff to help improve consistency. They also define the expected standards in terms of "good quality PCN's" which are measured in terms of cancellations, both in relation to the onstreet enforcement actions by a CEO and also the correct processing of a PCN in the back office. The performance to date in these areas has been good thus indicating that staff are well trained and motivated to deliver a good level of service.

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