

<u>MEETING</u> AUDIT COMMITTEE
<u>DATE AND TIME</u> THURSDAY 28TH JANUARY, 2016 AT 7.00 PM
<u>VENUE</u> HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4BQ

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
1.	PUBLIC QUESTION AND COMMENTS	1 - 10

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**AUDIT COMMITTEE
THURSDAY, 28 JANUARY 2016**

ITEM 5 – PUBLIC QUESTIONS AND COMMENTS

Note

At the meeting, a time period of up to 30 minutes, is available for public questions and comments in total. If they wish the questioner at the meeting may ask one supplementary question to the original question, which will be answered without discussion. The supplementary question must be relevant to the original question put to the Chairman.

Qn No	Item No	Raised By	Question Raised	Answer
1.	8 – CAFT Progress Report Q3	Mr Daniel Hope	In relation to the CAFT Progress report section at the end of the document to Operation BOLIVAR – Street Scene Refuse Collection. The report implies that three individuals have been charged and are shortly to appear in Court but are not named. Surely this is now a matter of public record, can you answer as to who the three people are?	The names will be a matter of public record once the individuals have appeared in court. We are unable to release further information relating to this investigation until such time.

2.	7 – Internal Audit Exception Recommendations Report and Exceptions Report up to 31 December 2015	Mr John Dix	<p>In April 2015 the Internal Audit, Anti-Fraud and Risk Management Plan 2015-16 gave a provisional timing of a review of CSG and Re Invoicing / Gain Share Agreements as being in Q1. In Q1 Internal Audit report in July 2015 there was no mention of this review in the progress report section. In the Q2 Internal Audit report (1 July -30 September) in November 2015 it stated that fieldwork was being carried out. In this report which is for Q3 it states end of field work. This means that we will not see this report until 19 April 2016 at the earliest. Why has it taken so long to undertake this review, are you confident that a report will be forthcoming in April, who is checking the management plan to see if the investigations proposed are actually being undertaken and given that the findings of this report could be of significant value to the work being undertaken by the Performance & Contract Monitoring committee for the 3 year review of the CSG contract can you give me some reassurance that you will press for the report to be published as quickly as possible even if that is before the next committee in April.</p>	<p>In the Q1 Internal Audit report in July 2015 on page 24 we confirmed that the CSG invoicing audit was Work in Progress and was at the Planning stage: http://barnet.moderngov.co.uk/documents/s24958/Internal%20Audit%20Quarter%201%202015-16%20-%20Progress%20Report.pdf</p> <p>The findings will be reported to the Audit Committee in April.</p> <p>Delivery of the Internal Audit plan is being monitored closely by the Head of Internal Audit. Within the quarterly progress reports to Audit Committee, there is a 'Work in Progress' section that updates the Committee as to how delivery of the plan is progressing. There is also a 'Changes to our plan' section which confirms when the timing or content of any audit planned for the quarter being reported has changed.</p> <p>As confirmed in response to the Public Questions to Performance and Contract Management Committee on 7 January, if the audit findings are relevant they will be used to inform the 3 year review of the CSG contract. The report would then be published in full if the assurance rating is Limited or No Assurance; the publication date would be the same as the Audit Committee papers publication date as it would be a supporting document to those papers. At the time of finalising the report with the Commercial team, they would be instructed to share the report with the Chair of the Performance and Contract Management Committee.</p>
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3.	7 – Internal Audit Exception Recommendations Report and Exceptions Report up to 31 December 2015	Mr John Dix	13 of the recommendations arising from the Street Scene Audit have a Capita employee as the responsible officer. Which Barnet Council employee has responsibility to ensure that Capita actually deliver these recommendations and what power do they have to sanction Capita if they fail to implement these recommendations within the deadline.	<p>Street Scene have developed a detailed action plan to address all of the recommendations within the report. There is a named officer in charge of monitoring and chasing progress against this plan at an operational level. The Acting Street Scene Director (the Commissioning Director for Environment) will be responsible for the action plan at a holistic level being implemented.</p> <p>In Q4 Internal Audit will follow-up to confirm the implementation status against all of the recommendations within the Street Scene report, and will report against this within the Q4 progress report to the Audit Committee in April 2016. Where High Priority recommendations have not been implemented within agreed timescales, an Assistant Director or above will be required to attend the Audit Committee to answer any questions from members. This process continues until all the recommendations have been confirmed as being implemented.</p> <p>With regards individual recommendations where a CSG officer is named as being responsible, the responsibility for implementation does lie with that officer and the requirement for an appropriate officer to attend Audit Committee still applies. All management responses and deadlines are agreed with the responsible officer in question prior to the report being issued as final.</p>
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4.	7 – Internal Audit Exception Recommendations Report and Exceptions Report up to 31 December 2015	Mr John Dix	Given that the Streetscene Audit was not in the Internal Audit, Anti-Fraud and Risk Management Plan 2015-16 and was prompted by a whistleblower how confident are you that there no other issues which are undiscovered until the next whistleblower pops up.	<p>As per the Q3 progress report to Audit Committee in January 2016, page 66, the two audits planned of Street Scene (as per the published 2015/16 Internal Audit & CAFT plan) were ‘Fleet Management’ and ‘Residential Waste’. In response to the whistleblower letter these two reviews were combined to undertake the wider ‘Street Scene Operations Review’.</p> <p>In the Q2 progress report to the Audit Committee in November 2015 (page 9) it stated that the Street Scene Operations Review (joint with CAFT) was Work in Progress and was at the Fieldwork stage.</p> <p>The annual plan was agreed by the Audit Committee in April 2015. The introduction section of the plan states that it is pulled together as follows and is a responsive plan that adapts to emerging risks as they become apparent during the year, for example via whistleblowers if this is considered appropriate.</p>
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5.	7 – Internal Audit Exception Recommendations Report and Exceptions Report up to 31 December 2015	Mr John Dix	<p>Given that Capita have been responsible for procurement for the last two and a half years is it acceptable that such a poor report with only limited assurance should still be occurring.</p>	<p>Whilst responsibility for providing the Procurement service rests with CSG, responsibility for compliance with Contract Procedure Rules (CPR) rests with the Council’s delivery units. The actions being taken forward have a combination of responsible officers across the two organisations. For example, the maintenance of contract registers, as per the first Priority 1 finding in the report, is the responsibility of the Council’s delivery units.</p> <p>The full audit report notes some areas of good practice within the procurement service. The quarterly report to the Audit Committee is on an exceptions basis i.e. it only reports on the weaknesses identified. The full audit report can be viewed here:</p> <p>http://barnet.moderngov.co.uk/documents/s29086/Procurement%20Contract%20Procedure%20Rules%20CPR%20Compliance.pdf</p>
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6.	7 – Internal Audit Exception Recommendations Report and Exceptions Report up to 31 December 2015	Mr John Dix	Does the fact that 6 out of 25 instances where vendors were created in Integra without the approval of CSG Procurement officers two and a half years into the CSG contract indicate there is a fundamental failing in the procurement process?	<p>The findings identified where controls should be tightened and procedures clearly documented to ensure the most appropriate vendors are being used.</p> <p>The 6 instances identified are detailed within pages 13 and 14 of the full audit report (see link above). In summary:</p> <ul style="list-style-type: none"> • 1 form should have been rejected by Accounts Payable as it hadn't been signed by CSG Procurement • 1 form was not sent to Procurement for their approval as the supplier had previously been approved in SAP • 4 forms related to Social Care placement vendors, previously treated as 'non-procurement' vendors i.e. not needing Procurement sign-off. <p>The audit found that the controls could be strengthened in this area, particularly around any exceptions to the general rules being clearly documented and communicated to ensure transparency and consistency in the approach being taken.</p>
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7.	7 – Internal Audit Exception Recommendations Report and Exceptions Report up to 31 December 2015	Mr John Dix	Given that the Re procurement lead and her manager had not attended CSG Procurement training, why has this only been given a 2 priority – surely it should be a Priority 1.	<p>The training was made available to all delivery units but was not statutory in nature. If it had been statutory training it would have led to a Priority 1 recommendation.</p> <p>CSG Procurement have confirmed that they will offer their procurement training to RE procurement leads and ensure that all officers in RE who are responsible for procurement areas on behalf of the Council are familiar with the Council's CPR requirements.</p> <p>Internal Audit will be undertaking a follow-up review of the entire CPRs Compliance audit during 2016/17 which will confirm the status against all of the recommendations within the report, not just the Priority 1 recommendations.</p>
8.	7 – Internal Audit Exception Recommendations Report and Exceptions Report up to 31 December 2015	Mr John Dix	Does the corporate split between the delivery units (which are primarily council run) and procurement (which is operated by Capita) exacerbate the issues identified?	<p>The Council's Procurement Board meets every month and there is representation from CSG Procurement and each delivery unit. This forum enables all parties to escalate any concerns and learn from each other's experiences.</p> <p>The separation between Procurement and the Council provides improved checks and balances to the procurement of goods and services and ensuring better outcomes and value for money.</p>

9.	7 – Internal Audit Exception Recommendations Report and Exceptions Report up to 31 December 2015	Mr John Dix	On the implementation of previous internal audit recommendations why has the deadline of pre-employment checks only been partially implemented 6 months after the deadline?	<p>The audit on pre-employment checks resulted in a revised policy on DBS checks. As part of consultation on the policy the Council decided to undertake a survey amongst other London Council's on their practice of rechecking or self-declaration. The results of the survey together with a view from the statutory Directors of Adults/Children were due to be considered at an internal Strategic Commissioning Board Assurance meeting in November 2015 but due to absence, the relevant statutory Directors of Adults/Children could not be present so the decision of SCB (Assurance) was delayed until 19th January 2016.</p> <p>The revised policy and safer recruitment guidance were published within 48 hours of the decision.</p> <p>HCPC checks required as a result of gaps identified have now been undertaken and HCPC registration confirmed for all relevant filled posts.</p> <p>The DBS checks required have been communicated to Directors and all checks will be requested week commencing 1st February. The DBS policy needed to have been approved prior to requesting the DBS checks, as if a change was to be made to self-declaration this has to be confirmed back to the DBS within 19 days of being issued with the disclosure number.</p>
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10.	8 – CAFT Progress Report Q3	Mr Roger Tichborne	<p>In the attached response to an FOI response, Barnet Council have stated that the CAFT team have performed no electronic surveillance of individuals or staff in the year 2014-2015 and only performed physical surveillance of one person. In light of the recent announcements about fraud in the council, it appears that given the amount of outsourcing and the opportunities for fraud in the council, that this is a remarkably small amount of monitoring. What assurance can the audit committee give the people of Barnet that the correct level of checks and controls are in place to ensure that there is no fraud and no corruption occurring within the council. With the huge sums being paid to suppliers and contractors, what measures have been enacted to ensure that all tenders and awards are correctly monitored and managed? How serious or credible can the council's stated commitment to zero tolerance of corruption and fraud really be, if the CAFT team are performing zero electronic surveillance of suspected breaches?</p>	<p>CAFT operate in accordance with the council's counter fraud framework manual, of which one of the policies is the 'Regulation of Investigatory Powers (RIPA) Policy Statement and Procedure - Directed Surveillance'. This is approved by the Audit Committee.</p> <p>The policy states that authorisation for surveillance will only be granted if necessary and proportionate. The consideration of proportionality includes determining whether the proposed conduct is proportionate to what it seeks to achieve and whether it is excessive in the overall circumstances of the case. Consideration must be given as to whether the information sought could be obtained by less intrusive means. Authorisation for directed surveillance can only be granted where the Council is investigating particular categories of criminal offences.</p> <p>CAFT also operate under an anti-fraud strategy and annual work plan both agreed by the audit committee. They are a responsive and proactive anti-fraud service and as such respond accordingly to referrals as well and proactively reviewing high risk areas and conducting joint reviews with the internal audit service.</p>
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