

**MEETING**

**AUDIT COMMITTEE**

**DATE AND TIME**

**THURSDAY 6<sup>TH</sup> NOVEMBER, 2014**

**AT 7.00 PM**

**VENUE**

**HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4BQ**

**TO: MEMBERS OF AUDIT COMMITTEE (Quorum 3)**

Chairman: Councillor Brian Salinger (Chairman),  
Vice Chairman: Councillor Sury Khatri BSc (Hons) MSc (Lond) (Vice-Chairman)

**Councillors**

Geof Cooke  
Kathy Levine

Arjun Mittra  
Gabriel Rozenberg

Peter Zinkin

**Substitute Members**

Melvin Cohen  
Eva Greenspan

Anne Hutton  
John Marshall

Alan Schneiderman  
Ammar Naqvi

**Independent Members**

Richard Harbord

Vacancy

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

**Andrew Nathan – Head of Governance**

Governance Services contact: Andrew Charlwood 020 8359 2014  
andrew.charlwood@barnet.gov.uk

Media Relations contact: Sue Cocker 020 8359 7039

**ASSURANCE GROUP**

## ORDER OF BUSINESS

Item No	Title of Report	Pages
1.	Minutes of last meeting	1 - 6
2.	Absence of Members (If any)	
3.	Declaration of Members' Disclosable Pecuniary interests and Non Pecuniary interests (If any)	
4.	Report of the Monitoring Officer (If any)	
5.	Public Question and Comments (If any)	
6.	Members' Items (If any)	
7.	Quarter 2 Internal Audit Progress Report	7 - 48
8.	Corporate Anti-Fraud Team (CAFT) Quarter 2 Progress Report	49 - 62
9.	Counter Fraud Framework Review 2014	63 - 68
10.	External Audit Progress - Verbal Update	
11.	Any item(s) the Chairman decides are urgent	

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## Decisions of the Audit Committee

22 July 2014

Members Present:

AGENDA ITEM 1

Councillor Brian Salinger (Chairman)  
Councillor Sury Khatri (Vice-Chairman)

Councillor Geof Cooke  
Councillor Kathy Levine

Councillor Arjun Mittra  
Councillor Gabriel Rozenberg

Councillor Peter Zinkin

Independent Members (have non-voting rights):

Richard Harbord

Debra Lewis

### 1. MINUTES OF LAST MEETING (Agenda Item 1):

RESOLVED – That the Minutes of the meeting held on 29 April 2014 be approved as a correct record.

### 2. ABSENCE OF MEMBERS (IF ANY) (Agenda Item 2):

All Members were present.

### 3. DECLARATION OF MEMBERS' DISCLOSABLE PECUNIARY INTERESTS AND NON PECUNIARY INTERESTS (IF ANY) (Agenda Item 3):

Members declared the following interests:

Councillor	Agenda Item	Interest
Kathy Levine	7 - External Auditor's Report under International Standard on Auditing (ISA) 260 for the year 2013/14	Non pecuniary interest as Councillor Levine is a Local Authority appointed Governor at Queen Elizabeth's Girls' School.
Arjun Mittra	7 - External Auditor's Report under International Standard on Auditing (ISA) 260 for the year 2013/14	Non pecuniary interest as Councillor Mittra is a Local Authority appointed Governor at Friern Barnet School.
Sury Khatri	7 - External Auditor's Report under International Standard on Auditing (ISA) 260 for the year 2013/14	Non pecuniary interest as Councillor Khatri is a Local Authority appointed Governor at Dollis Junior School and Copthall School.

**4. PUBLIC COMMENTS AND QUESTIONS (IF ANY) (Agenda Item 4):**

Details of the questions asked of, and the answers given by the Chairman were circulated and published on the Council's website prior to the meeting. Verbal responses were given to supplementary questions asked at the meeting.

There were no public comments.

**5. MEMBERS' ITEMS (IF ANY) (Agenda Item 5):**

There were none.

**6. CHAIRMAN'S ITEM - ANNUAL REPORT OF THE AUDIT COMMITTEE 2013/14 (Agenda Item 5a):**

The Chairman introduced the report.

RESOLVED –

(1) That the Committee agrees the Annual Report of the Audit Committee for 2013-14 as an accurate record of the outcomes and work programme for the Year.

(2) The Annual Report is reported to the next Full Council meeting.

**7. ANNUAL GOVERNANCE STATEMENT (Agenda Item 6):**

The Assurance Director (Monitoring Officer) introduced the report.

RESOLVED – That the Committee agrees the Annual Governance Statement for inclusion within the Statement of Accounts for 2013/14.

**8. EXTERNAL AUDITOR'S REPORT UNDER INTERNATIONAL STANDARD ON AUDITING (ISA) 260 FOR THE YEAR 2013/14 (Agenda Item 7):**

The Chief Operating Officer and also Assistant Director of Finance, CSG Finance Service introduced the report. Representatives from Grant Thornton LLP (External Auditor) also spoke to the report.

The Committee requested additional time to read through the final Statement of Accounts, which was tabled at the meeting. In view of this the Chairman moved that the item be deferred. The motion was seconded. Votes were recorded as follows:

Agreed	7
Opposed	0

RESOLVED – That consideration of the item be deferred and be considered at a meeting to be arranged on 29 July 2014 at 6pm.

**9. HEAD OF INTERNAL AUDIT ANNUAL OPINION 2013-14 (Agenda Item 8):**

The Head of Internal Audit introduced the report.

RESOLVED – That the Committee notes the contents of the Annual Opinion / Report.

**10. CORPORATE ANTI-FRAUD TEAM (CAFT) PROGRESS REPORT APRIL - JUNE 2014 (Agenda Item 9):**

The Assurance Assistant Director introduced the report.

RESOLVED – That the Committee notes the CAFT Progress Report covering the period 1<sup>st</sup> April – 30<sup>th</sup> June 2014.

**11. INTERNAL AUDIT EXCEPTION RECOMMENDATIONS REPORT AND PROGRESS REPORT UP TO 30TH JUNE 2014 (Agenda Item 10):**

The Head of Internal Audit introduced the report.

The Committee discussed the report and asked questions to the relevant Director(s), or their representatives, on the two audits that received limited assurance.

RESOLVED – That the Committee notes the progress against internal audit recommendations and work completed to date on the Internal Audit Annual Plan 2014-15 and high priority recommendations.

**12. ANY ITEM(S) THE CHAIRMAN DECIDES ARE URGENT (Agenda Item 11):**

There were none.

The meeting finished at 9.55 pm

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## **Decisions of the Audit Committee (Special Meeting)**

29 July 2014

Members Present:

Councillor Brian Salinger (Chairman)  
Councillor Sury Khatri (Vice-Chairman)

Councillor Geof Cooke  
Councillor Kathy Levine

Councillor Arjun Mittra  
Councillor Gabriel Rozenberg

Councillor Peter Zinkin

Independent Member(s) (have non-voting rights):

Debra Lewis

Apologies for absence:

Richard Harbord (Independent Member)

### **1. ABSENCE OF MEMBERS (IF ANY) (Agenda Item 1):**

Apologies for absence had been received from Mr Richard Harbord (Independent Member).

### **2. EXTERNAL AUDITOR'S REPORT UNDER INTERNATIONAL STANDARD ON AUDITING (ISA) 260 FOR THE YEAR 2013/14 (Agenda Item 2):**

This item had been deferred from the Committee's meeting of 22 July 2014 as the Committee had requested additional time to read through the final Statement of Accounts.

The Committee discussed the report and asked questions to the relevant Directors and to the External Auditors.

RESOLVED –

- (1) That the Committee approve the audited Statement of Accounts and Pension Fund for 2013/14 and they be signed by the Chairman and the Chief Operating Officer/Director of Finance on behalf of the Council and the associated Letter of Representations.
- (2) That the matters raised by the External Auditor relating to detailed aspects of the 2013/14 accounts audit, including the pension fund accounts, be noted.
- (3) That the Officer response to matters raised by the external auditor be noted.
- (4) That the areas on which the Committee required additional information or action be noted.
- (5) That the Committee, having made the above resolutions and having approved the Annual Governance Statement approve the Chief Operating Officer/Director of

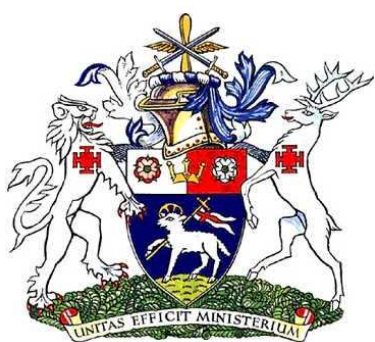
Finance to amalgamate the three documents and to publish these as one consolidated 'Statement of Accounts 2013/14'.

**3. ANY ITEM(S) THE CHAIRMAN DECIDES ARE URGENT (Agenda Item 3):**

There were none.

The meeting finished at 6.55 pm

AGENDA ITEM 7



## Audit Committee

### 6<sup>th</sup> November 2014

<b>Title</b>	<b>Internal Audit Exception Recommendations Report and Progress Report up to 30th September 2014</b>
<b>Report of</b>	Caroline Glitre – Head of Internal Audit
<b>Wards</b>	N/A
<b>Status</b>	Public
<b>Enclosures</b>	<p>Appendix A: Internal Audit progress report (up to 30<sup>th</sup> September 2014)</p> <p>Appendix B: Work completed in Q2 to 30th September 2014</p> <p>Appendix C: Work in progress at 30th September 2014</p> <p>Appendix D: Internal Audit Effectiveness Indicators</p> <p>Appendix E: Internal Audit Recommendations due quarter 2 (end of September)</p>
<b>Officer Contact Details</b>	<p>Caroline Glitre, Head of Internal Audit</p> <p><a href="mailto:caroline.glitre@barnet.gov.uk">caroline.glitre@barnet.gov.uk</a></p> <p>020 8359 3721</p>

## Summary

Members are asked to note the progress against internal audit recommendations and work completed to date on the Internal Audit Annual Plan 2014-15 and high priority recommendations.

The Internal Audit Service commenced delivery of work in accordance with its plan reported to the Audit Committee in April 2014. Over the current period since the Committee last met in July 2014 the service has issued 13 reports. For those reports with an assurance rating, 3 reports were given 'Limited' and 6 reports given 'Satisfactory'. Information has been presented in Appendix A on those reports issued as 'Limited' assurance:

- **Your Choice Barnet Contract Review (Joint Internal Audit & CAFT review)**
- **Passenger Transport Contracts (Joint Internal Audit & CAFT review)**
- **Permanency Routes**

Full copies of those audit reports are available on the Barnet website here:

<http://barnet.moderngov.co.uk/ecCatDisplay.aspx?sch=doc&cat=13619&path=0>

67% of the recommendations that were due to have been implemented at the end of September have been implemented. A summary of those recommendations which were due in Quarter 2 has been included for the Audit Committee to review (Appendix E).

## **Recommendations**

**That the Committee note the progress against internal audit recommendations and work completed to date on the Internal Audit Annual Plan 2014-15 & high priority recommendations.**

### **1. WHY THIS REPORT IS NEEDED**

- 1.1 The Audit Committee's role in receiving this report is to note the overall progress made against the 2014-15 Internal Audit Plan and the high priority recommendations made. In addition, the Audit Committee can inquire with Directors and Assistants Directors as to their progress against recommendations.

### **2. REASONS FOR RECOMMENDATIONS**

- 2.1 The Audit Committee approved the workplan in April and this report notes the progress against that plan and progress against high priority recommendations.

### **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1 Not relevant.

### **4. POST DECISION IMPLEMENTATION**

- 4.1 The Internal Audit Plan will continue to be delivered as reported to the Audit Committee with recommendations implemented in line with the report.

### **5. IMPLICATIONS OF DECISION**

#### **5.1 Corporate Priorities and Performance**

- 5.1.1 All internal audit and risk management planned activity is aligned with the Council's objectives set out in the Corporate Plan 2013-2016, and thus supports the delivery of those objectives by giving an auditor judgement on the effectiveness of the management of the risks associated with delivery of

the service.

## **5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

5.2.1 When risk, and assurances that those risks are being well managed, is analysed alongside finance and performance information it can provide management with the ability to measure value for money.

5.2.2 The work plan agreed by the Audit Committee is being achieved from Internal Audit's current budget.

## **5.3 Legal and Constitutional References**

5.3.1 There are no legal issues in the context of this report.

5.3.2 The Council's Constitution Part 3 Responsibilities for Functions - the Audit Committee terms of reference paragraph 2 states that the Committee can consider summaries of specific internal audit reports as requested.

## **5.4 Risk Management**

5.4.1 All Internal Audit activity is directed toward giving assurance about risk management within the areas examined. By so doing the aim is to help maximise the achievement of the Council's objectives. Internal Audit does this by identifying areas for improvement and agreeing actions to address the weaknesses.

5.4.2 Internal Audit work contributes to increasing awareness and understanding of risk and controls amongst managers and thus leads to improving management processes for securing more effective risk management.

## **5.5 Equalities and Diversity**

5.5.1 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. Individual audits assess, as appropriate, the differential aspects on different groups of individuals to ensure compliance with the Council's duties under the 2010 Equality Act.

## **5.6 Consultation and Engagement**

5.6.1 N/A

## **6. BACKGROUND PAPERS**

6.1 Audit Committee 11 March 2010 (Decision Item 10) - the Committee accepted that there would be progress reports to all future meetings of the Committee and, that for all "limited" or "no assurance" audits, there should be a brief explanation of the issues identified.

<http://barnet.moderngov.co.uk/Data/Audit%20Committee/201003111900/Agenda/Document%201.pdf>

- 6.2 Audit Committee 21 September 2010 (Decision Item 8) – the Committee agreed that where an audit had limited assurance that greater detail be provided than previously.  
<http://barnet.moderngov.co.uk/Data/Audit%20Committee/201009211900/Agenda/Document%201.pdf>
- 6.3 Audit Committee 17 February 2011 (Decision Item 7) – the Committee (i) agreed that a report would be prepared quarterly regarding those internal audit recommendations not implemented (ii) requested that the table of priority 1 recommendations should in future indicate what date recommendations were made to service areas and the implementation date.  
<http://barnet.moderngov.co.uk/Data/Audit%20Committee/201102171900/Agenda/Document%201.pdf>

## **Appendix 1**

### **Internal Audit**

### **Progress Report 2014-15 – Quarter 2**

**Caroline Glitre, Head of Internal Audit**

## **1. Introduction**

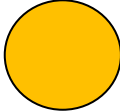
The Internal Audit Plan was accepted by the Audit Committee on the 29th April 2014. This report follows the principles previously requested by the Committee, in that all audit reports with limited or no assurance will be summarised into key messages with some detail.

## **2. Final Reports Issued**

This report covers the period from 1<sup>st</sup> July 2014 to 30<sup>th</sup> September 2014 and represents an up to date picture of the work in progress to that date. The Internal Audit service has over this period issued 13 reports in accordance with the 2014-15 Internal Audit Plan. The full list of completed audits during this period is included within Appendix B. For those reports with an assurance rating, 3 reports were given 'Limited' and 6 reports given 'Satisfactory'. The summary detail of those reports issued as Limited assurance is included within section 3.



### 3. Key Findings from Internal Audit Work with Limited assurance

Title	Your Choice Barnet Contract Review (Joint Internal Audit & CAFT review)			
Assurances Audit Opinion	No	Limited	Satisfactory	Substantial
				
Date of report:	July 2014			
Background	<p>The Council set up a Local Authority Trading Company (LATC) in 2012, known as The Barnet Group. The Council transferred its Learning Disability care provider Services (comprising x1 respite service; x3 day services; x1 independent living service; and x5 supported living schemes) and Housing Needs and Resources Service to The Barnet Group. The Barnet Group is wholly owned by the Council and acts as a parent company to Barnet Homes and Your Choice Barnet. Your Choice Barnet is an adult social care company that provides services to adults with learning and physical disabilities. The Council retains a commissioning role in these services.</p> <p>The Your Choice Barnet contract runs for three years (2012-2015) with the potential to extend for an additional two years, to 2017. The contract aimed to deliver savings to the Council of £263,000 by 2014/15 and £493,000 by 2015/16. The contract ran on a block basis for the first year of the LATC and then moved to payment based on the specific care provided to individual service users, as set out in the business case. The 2013/14 Adults &amp; Communities total spend (staffing and care packages) on learning disabilities and physical disabilities care provision is £43.247m.</p>			
Summary of Findings	<p><b>Corporate Anti-Fraud Team review - Right to Work</b></p> <p>The CAFT review of cases found that some staff had inadequate documentation regarding</p>			

	<p>their Right to Work evidenced within their HR files. A small number of cases are currently subject to on-going further enquiries by CAFT (<b>Priority 1</b>).</p> <p><b>Internal Audit review - Contract Management</b></p> <p>There are one priority one, one priority two and one priority three recommendations.</p> <ul style="list-style-type: none"> <li>• <b>Risk &amp; Issue Management</b> - We identified areas where the Your Choice Barnet's (YCB) risk and issue management controls should be improved. We found that the contract did not contain a risk and issue management process, which set out how the Council and the supplier intended to manage and escalate risks and issues. We identified risks in relation to the contract, which were not formally documented in a risk register or the Council's risk management system (JCAD). In addition to this, we found that the Council did not have controls in place to manage issues in relation to the contract (<b>Priority 1</b>).</li> <li>• <b>Change Control</b> - We found that the Council had not applied the contracts change control process when introducing changes to the contracts payment mechanisms and performance framework (<b>Priority 2</b>).</li> <li>• <b>Governance – Minutes of Meetings</b> - Not all meetings held with Your Choice Barnet were minuted to document the discussions held and any actions agreed or decisions taken (<b>Priority 3</b>).</li> </ul>
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### Priority 1 recommendations, management responses and agreed action dates


#### 1. Day Centre Staff – Right to Work (CAFT review)

Recommendation	Management Response	Responsible Officer	Deadline
a) In all instances YCB should ensure that Right to Work checks along with all pre-employment checks are	<p>a), b) and c)</p> <p>YCB has always ensured appropriate pre-employment checks are obtained prior to a new recruit starting work</p>	Director of Care and Support, Your	31 July 2014

<p>kept in one central location that is accessible to all appropriate staff.</p> <p>b) YCB should confirm that pre-employment checks including Right to Work are contractually agreed with each employment agency and that the signed final copy of each individual contract is kept centrally on file at YCB. The contract should detail that relevant checks will be undertaken prior to agency staff commencing work at YCB.</p>	<p>and will continue to do so. The staff files where paperwork was incomplete at the time of transfer have been updated as part of the DBS renewal process. There are a small number where this is outstanding and this has now been bought forward for those individuals; there is no reason to believe that there are any employees working for YCB that do not have a right to do so.</p> <p>All staff records will be stored in a central location.</p> <p>YCB has contractual agreements with all agencies that it uses and is confident that all pre-employment checks are in place as part of those agreements, as a means of providing assurance YCB will periodically sample employment records of agency workers. Signed agreements will be stored in a central location.</p>	<p>Choice Barnet</p>	
<p>c) Regular sample checks of agency staff employed in high-risk roles with direct access to vulnerable adults should be selected and evidence obtained to confirm that the appropriate pre-employment checks have been obtained prior to commencing work.</p> <p>d) The LBB contract with YCB should be updated to</p>	<p>d) The contract with YCB will be updated to include a clause in relation to requiring all employees / agency staff to have their Right to Work status confirmed.</p>	<p>Category Manager – Adults and Communities</p>	<p>31 August 2014</p>

include a clause requiring all employees / agency staff to have their Right to Work status confirmed.			
<b>2. Contract Management – Risk &amp; Issue Management (Audit review)</b>			
<b>Recommendation</b>	<b>Management Response</b>	<b>Responsible Officer</b>	<b>Deadline</b>
<p>a) A risk and issue management strategy should be introduced to ensure that risks and issues are consistently and effectively recorded, monitored, escalated and resolved in a timely manner.</p> <p>b) Management should include Your Choice Barnet risks within the Council's risk management system. This information should then be regularly monitored and updated.</p> <p>c) Management should create a formal issues</p>	<p>Management is confident that risks and issues in relation to the contract with YCB are being effectively managed through a partnership approach and a series of informal meetings and formal contract meetings. Risks in relation to managing relationships with providers in general are included on the Delivery Unit's risk register but these do not specifically identify YCB. Management accepts that formal recording and documenting of this process can and should be improved. Alongside the contract management of YCB all service users are open to a social work team who provide a care management service working with service users and their families to ensure that their needs are being met, outcomes achieved in relation to the services they receive and the management of risk in relation to individuals.</p> <p>The Delivery Unit follows the Council's approach to risk management and identified risk are regularly reviewed by the Leadership Team and recorded on JCAD.</p>	Assistant Director Community and Wellbeing	1 September 2014



<b>Title</b>	<b>Passenger Transport Contracts (Joint Internal Audit &amp; CAFT review)</b>			
<b>Assurances</b>	<b>No</b>	<b>Limited</b>	<b>Satisfactory</b>	<b>Substantial</b>
<b>Audit Opinion</b>				
<b>Date of report:</b>	September 2014			
<b>Background</b>	<p>Street Scene delivers passenger transport for other delivery units (DUs) within the Council as follows:</p> <ul style="list-style-type: none"> <li>• Older People transport on behalf of Adults and Communities (Adults); and</li> <li>• Special Educational Needs (SEN) transport on behalf of Children - Education and Skills (Children's).</li> </ul> <p>A framework contract with a 4 year term drawing on 16 potential providers was established on 1 April 2013. At July 2014 external contractors delivered 270 of the 340 routes. The remaining routes were delivered in-house by the Street Scene Passenger Transport Service (PTS) which is out of scope for this review.</p>			
<b>Summary of Findings</b>	<p>There are two priority 1 and three priority 2 recommendations.</p> <p>We identified the following areas of good practice:</p> <ul style="list-style-type: none"> <li>• The use of a fit for purpose contract specification driving the tender process for the framework contract established 1 April 2013. It defined the Council's requirements of the contractor regarding Disclosure and Barring Service (DBS) checks, previously Criminal Records Bureau (CRB), the licencing of drivers and the training of drivers, against which bidder submissions were independently evaluated and scored. The final contracts provided for record retention and audit</li> </ul>			

	<p>access to contractor records to facilitate the on-going monitoring of driver vetting and safeguarding arrangements.</p> <p>We identified the following significant issues as part of the audit:</p> <ul style="list-style-type: none"> <li>• <b>PTS and Children's and Adults and Communities engagement</b> - Engagement, communication and information flows between the PTS and Adults/Children's delivery units were not robust; there is a lack of clear governance arrangements to facilitate the on-going scrutiny and challenge of passenger transport service delivery. Responsibility for oversight/scrutiny and challenge of passenger transport service delivery in Adults/Children for their respective service users was unclear. For Children's, a Service Level Agreement (SLA) governing service delivery had been drafted but had not been signed and implemented. Development of an up to date SLA in Children's was planned for December 2014. There are no such arrangements in place for Adults. <b>(Priority 1)</b></li> <li>• <b>Retention of records supporting contractor vetting</b> - As part of the CAFT review, we noted that two contractors who were not secured as part of the Street Scene PTS framework contract were used by Children's DU for transporting children. Each contractor transported one child. Records of how the contractors were validated when secured and how they were validated subsequently on an on-going basis were not available for inspection. <b>(Priority 1)</b></li> </ul> <p>We noted the following other issues:</p> <ul style="list-style-type: none"> <li>• <b>Contract management</b> - As part of contract management, planned annual reviews had not been completed for all contractors used by PTS; of eight contractors used under the framework agreement, two reviews were still outstanding. For PTS checks that had been undertaken of transport contractor service delivery as part of annual reviews using the standard annual review template, DBS/CRB records and findings and details of the licencing tests for specific drivers had not been recorded within the template. Physical spot checks of vehicles and drivers actually delivering service users at schools and day centres were undertaken but not, in our view, at</li> </ul>
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	<p>sufficiently regular intervals to ensure that the expected and appropriately vetted drivers were being used. (<b>Priority 2</b>)</p> <ul style="list-style-type: none"> <li>• <b>Potential overpayment of invoice</b> - Potential overpayments totalling £1,400 in 2010 and 2012 were identified by CAFT for the two contractors who were not secured as part of the Street Scene PTS framework and at the date of the report the Children's DU were in the process of resolving these. (<b>Priority 2</b>)</li> <li>• <b>Contract administration: Retrospective Purchase orders and invoice certification</b> - We reviewed the controls to ensure the valid and accurate payment of transport contractor invoices after the establishment of the framework agreement in April 2013. We noted one instance out of nine invoices tested where the purchase order was raised retrospectively after the invoice was received, contrary to the Council's Financial Regulations. There was no evidence of formal management certification of the transport contractor invoice prior to the release of the invoice for payment. (<b>Priority 2</b>)</li> </ul>
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### Priority 1 recommendations, management responses and agreed action dates

#### 1. PTS and Children's and Adults and Communities engagement

Recommendation	Management Response	Responsible Officer	Deadline
<u>Children's Service – Education and Skills</u> The draft SLA should be signed off and monitored by the Children's Service, especially in relation to: <ul style="list-style-type: none"> <li>• monitoring the quality of</li> </ul>	<u>Children's Service - Education and Skills</u> The draft SLA is being revised as part of the work of the consultant engaged to carry out a thorough review of home to school transport. The Project Initiation Document (PID) for this was signed off by the Director of Education and Skills in August and work commenced on 1 <sup>st</sup> September.	Transformation Projects Consultant – SEN on behalf of Education & Skills Director	31 December 2014 (SLA completion and approval), Implemented (Review






<p>clarified and communicated to ensure that the service is delivered to expectations and that opportunities for improvement are identified and communicated. Transport plans should be developed to formally communicate requirements to PTS. Monitoring should be undertaken in terms of an up to date and signed SLA.</p>	<p>appropriate in order to pro-actively manage or resolve issues particularly where these have safeguarding implications.</p>		
	<p><u>Street Scene Passenger Transport Service</u></p> <p>The 2014 / 15 Passenger Transport Service SLA to be reviewed by Children Services and Passenger Transport management based on the TAS (specialist public transport consultancy) review of commissioning through to delivery of PTS commencing 1<sup>st</sup> October 2014.</p>	Environment Service Manager – Transport	31 December 2014 (SLA completion and approval)
	<p>The first Liaison and Review meeting between Children Services and Passenger Transport management took place on 18<sup>th</sup> September.</p>	Environment Service Manager – Transport	Implemented
	<p>At the meeting PTS presented the Street scene KPI report generated monthly by the PTS management. Transformation Projects Consultant - SEN, to provide Environment Service Manager – Transport with comments on items to be included /excluded.</p> <p>The first Liaison and Review meeting between Adults &amp; Communities and Passenger Transport management to take place on 30th September.</p>	<p>Transformation Projects Consultant – SEN</p> <p>Environment Service Manager – Transport</p>	<p>31 Oct 2014</p> <p>30 September 2014</p>

<b>2. Retention of records supporting contractor vetting</b>			
<b>Recommendation</b>	<b>Management Response</b>	<b>Responsible Officer</b>	<b>Deadline</b>
<p>The Children's DU should immediately confirm whether it still uses the two contractors and if so consider next steps as follows:</p> <ul style="list-style-type: none"> <li>- contact them to obtain assurance over their vetting procedures;</li> <li>- if this information is not made available consider ceasing using them.</li> </ul> <p>The Children's DU should confirm if it uses other transport contractors outside the Street Scene PTS Passenger Transport framework contract. If so, confirm that they were validated prior to use.</p> <p>Records showing how transport contractors, which have not been secured as part of the Council's PTS</p>	<p><u>Children's Service - Education and Skills</u></p> <p>The only occasions that the SEN Team arrange transport outside the PTS contract is for Looked After Children who have been placed outside the borough, and for whom PTS cannot provide the service. The two cases involved were in Peterborough and Brighton. The Brighton service is no longer required. In the Peterborough case, it has come to our attention that the contractor was prosecuted on 17/8/2010 for operating a Private Hire Vehicle using an unlicensed driver. This led to Peterborough Council cancelling their contract with the provider. However, in September 2012, they became an approved operator with Peterborough again with a new owner/manager (the previous owner had died). In January 2013, they then wanted to sell the company that managed school contracts to another party: under Peterborough's closed framework conditions this was prohibited and they made the decision to sell the company and terminated their routes. Peterborough has suggested that they will be able to apply to join a new framework if and when they have one.</p> <p>Nevertheless, we have determined that our policy in</p>	<p>Transformation Projects Consultant – SEN on behalf of Education &amp; Skills Director</p>	<p>30 September 2014 (mostly implemented already)</p>



	<u>Street Scene Passenger Transport Service</u>  PTS management will support the Education and Skills team to vet any external passenger transport providers in alignment with the Council's passenger transport framework criteria.	Environment Service Manager – Transport	Immediately
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Title	Permanency Routes			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion				
Date of report:	September 2014			
Background	<p>Permanence depends on securing the right placement for the right child at the right time. Routes to permanence include:</p> <ul style="list-style-type: none"> <li>• permanent return to birth parents;</li> <li>• shared care arrangements, including regular short-break care;</li> <li>• permanence within the looked after system, whether in residential placement, unrelated foster care or family and friends care; and</li> <li>• legal permanence, through adoption, special guardianship orders (SGO) and residence orders.</li> </ul> <p>The main objective is to ensure that the route to permanence for a child in care is appropriate and achieved promptly. Prompt completion should optimise outcomes, as the child will be in a secure and stable environment at the earliest possible stage while simultaneously reducing potential costs to the Council through the child not being looked after in residential care.</p> <p>Adoption is “the irrevocable ending of a child’s legal relationship with their birth parents and the beginning of a new legal relationship with the child’s adopters”. A special guardianship order confers full parental responsibility to the guardianship <i>without</i> severing the child’s relationship with his/her birth parent.</p>			

<b>Summary of Findings</b>	<p>There are two priority 1 and five priority 2 recommendations.</p> <p>We identified the following areas of good practice:</p> <ul style="list-style-type: none"> <li>- Officers had access to up to date documented procedures and related guidance on the Intranet.</li> <li>- Routine supervision of officers by team managers.</li> <li>- The scrutiny by the Adoption Panel of the proposed adopters and the proposed match of adopters and children.</li> <li>- Approval by the Agency Decision Maker at Director level of the adoption permanency route, the proposed adopters and the proposed match of adopters and children.</li> <li>- Approval of the SGO support package at Head of Service level.</li> <li>- The review of performance indicators related to Adoption at Senior Management level.</li> </ul> <p>We identified the following significant issues as part of the audit:</p> <ul style="list-style-type: none"> <li>• Annual reviews of SGO placements and financial allowances and adoption financial allowances were not undertaken routinely (<b>Priority 1</b>)</li> <li>• Complete records evidencing key SGO and adoption processes were not available for inspection in the Integrated Children's System (ICS) and WISDOM, the Council's records management system, for a number of cases tested. Records were also not saved using a consistent naming convention in WISDOM, impacting on the ability to locate and retrieve them promptly (<b>Priority 1</b>)</li> </ul> <p>We noted the following other issues:</p> <ul style="list-style-type: none"> <li>• SGO Review documentation and templates had not been recently reviewed and updated to confirm their appropriateness (<b>Priority 2</b>)</li> <li>• The calculation of adoption and SGO allowances was not in line with the suggested DfES "Standard Means Test Model for Adoption and SGO Financial Support". For SGO cases, the maximum allowances payable were generally recommended and approved. For both adoption</li> </ul>
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	<p>and SGO allowances, the approach did not formally and rigorously incorporate the flexibility to reduce allowances, for instance should financial circumstances of adopters/ guardians change. <b>(Priority 2)</b></p> <ul style="list-style-type: none"> <li>• On a limited number of cases Adoption statutory visits were not completed within the required timescale, however, 94% were completed in time. Of the 50 statutory visits tested, 3 had not been undertaken. <b>(Priority 2)</b></li> <li>• We could not confirm formal arrangements for learning lessons from SGO placements which had been disrupted. <b>(Priority 2)</b></li> <li>• Management information to report against adoption performance and the 26 week target for the start and end of care proceedings was generated from local spread sheets and not directly from ICS which would be recommended <b>(Priority 2)</b></li> </ul>
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### Priority 1 recommendations, management responses and agreed action dates

#### 1. Annual Reviews

Recommendation	Management Response	Responsible Officer	Deadline
<p>Annual reviews of SGO &amp; Adoption support plans including financial allowances should be routinely planned and implemented.</p> <p>For reviews of allowances, the adoptive parent or special guardian should, in line with</p>	<ul style="list-style-type: none"> <li>• Business case to be submitted for Business Support to manage the financial and business processes required to coordinate Annual Reviews.</li> <li>• Updated information on the financial circumstances of Adopters and Special Guardians to be requested prior to the annual review. Allowances to be temporarily suspended if information is not supplied.</li> </ul>	Service Manager - Provider Services	<p>30 Sept 2014</p> <p>31 Oct 2014</p>



the guidance, be required to provide an annual statement of his/her financial circumstances.	<ul style="list-style-type: none"> <li>Application of DfE Standard Means Test Model &amp; North London Adoption Consortium agreed protocol on Adoption Allowances to be applied to all new Adoption Allowances.</li> </ul>		1 Sept 2014
	<ul style="list-style-type: none"> <li>Overall review of practice in relation to SGO's to include financial allowances.</li> </ul>	Service Manager - Provider Services, Interim Head of Children in Care & Provider Services, Head of Assessment & Children in Need	1 Nov 2014
<b>2. Permanency process and control - Records management and documentation retention</b>			
<b>Recommendation</b>	<b>Management Response</b>	<b>Responsible Officer</b>	<b>Deadline</b>
A policy for naming and saving key adoption and kinship documentation consistently should be developed, communicated, implemented and monitored during supervision to facilitate the efficient retrieval of documentation where necessary.  Documentation, clearly evidencing scrutiny and	Naming conventions for documents to be jointly reviewed with the Information Manager, revised guidance to be issued, key documents to be agreed and added to file audit template.	Service Manager - Provider Services, Data and Systems Assurance Manager	30 Sep 2014
	Review of ICS system commencing in September 2014 to incorporate findings from this audit.	Acting Children's Social Care Assistant Director, Data and Systems Assurance Manager	30 Sep 2014

approval/sign-off of recommendations and decisions, should be retained in all cases <u>to evidence</u> that key processes were undertaken and that necessary reports were considered when decisions were taken.			
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## **4. Work in progress and effectiveness review**

Appendix C includes a list of all of those audits at the planning, fieldwork, or draft reporting stages. Appendix D includes performance against the Internal Audit effectiveness indicators. We have met all targets within the plan with the exception of one indicator being rated Amber:

- 1) 26% of the annual plan has been delivered, which is below the target for quarter 2 of 32%. This is due to a combination of factors, including some audits taking longer than anticipated, and the number of follow-up audits being higher than usual in quarter 1. There are several reviews at the fieldwork stage and we are confident that we can get performance back on schedule within quarter 3.

Implementation of internal audit recommendations – the progress of the 9 recommendations due for implementation in quarter 2 is included in Appendix D where 67% recommendations are implemented. In quarter 1 91% of recommendations had been implemented within the required timeframe. As such there has been a reduction in the completion of audit recommendations in the timescales originally agreed.

## **5. Liaison with Officers and External Audit**

The Internal Audit Service is committed to the managed audit approach. Part of this includes regular liaison with External Audit to ensure that our work can be used by them as part of their financial accounts audit. Quarterly meetings, as a minimum, occur between external and internal audit.

Regular meetings have occurred with senior officers regarding implementing action plans in accordance with the agreed timeframe.

As part of the Internal Governance reviews, Internal Audit officers work closely with Governance colleagues to ensure efficient and effective audits.

Officers within the Assurance Group work closely with CAPITA in line with an agreed protocol that both clarifies and puts in place practical arrangements around the relevant Audit, Fraud and Risk contract clauses. This working protocol supports the 'external assurance' quadrant of our annual plan.

## 6. Changes to our plan

Since the Internal Audit Plan was approved there have been some changes within the quarter made to the original audit plan agreed in April 2014 in respect of timing and additional audits requested by Delivery Units.

Type	Audit Title	Reasons
Deferred	People Management	Deferred to Q4 to improve phasing - so that audit takes place a year after previous review
Deferred	Residential Care Homes (Joint review with CAFT)	Deferred to Q3 due to CAFT reactive work taking priority
Deferred	Internal Governance Q2	Deferred to Q3 due to needing output from Commissioning for Outcomes review before selecting Board to review
Combined	Financial Management	Combined with Street Scene Budget Monitoring and MTFS Transformation programme governance review

## **7. Reports and assurance projects for management purposes**

There were four assurance projects undertaken by internal audit that are not considered audit reports (i.e. they do not give an assurance rating) but none the less aid management in assessing the effectiveness of their control environment. Within these reports if a significant issue has been identified as part of that review it has been included within this progress report.

In Q2 2014/15 there were no significant issues noted in the following reviews:

- **Troubled Families – Payment By Results**
- **Bus Subsidy Grant**

Both submissions / claims were signed off with no significant exceptions noted.

## **Commissioning for Outcomes**

We reviewed the approach to Commissioning for Outcomes using the following methods:

- Online survey sent to 27 recipients across Internal Delivery Units (IDUs), External Delivery Units (EDUs), the Commissioning Group and strategic partners
- Interviews with key officers to further analyse survey responses
- Review of evidence to support interview responses
- Interviews with Members – both Leaders and two Chairmen of selected theme Committees
- Review of documented policies and procedures
- Review of performance and budget information

The output of this review was a letter to management in which 5 recommendations were raised around the following areas:

- The Commissioning Cycle
- Performance Management
- Roles & Responsibilities
- Member Induction
- Engagement between Lead Commissioners and Members

SCB accepted the recommendations and agreed to implement them by April 2015.

## Data Quality

As part of the 2014/15 Internal Audit Plan, agreed by the Audit Committee in April 2014, we have undertaken an audit of Data Quality on the Re KPI 2.2 Category 1 defects Rectification Timescales completed in time for quarter 4, 2013-14 and quarter 1, 2014-15.

The Commercial Services team commissioned this audit report. The Corporate Indicator (“Make Safe within 48 hours all intervention level potholes reported by members of the public”) linked to this KPI was reported accurately. However, they were aware that improvements to the interim KPI 2.2 reporting systems could be made.

The Key Performance Indicator (KPI) NM 2.2 definition is “Measure compliance with taking appropriate action to ensure that those faults identified as Category 1 defects are responded to within agreed timescales (i.e. within 48 hours) as defined in the Highway Inspection Manual”.

### Background & Context

The Re contract includes a complex KPI regime (the contract defines over 70 KPIs) and many of these KPIs had not been formally measured and reported prior to contract commencement. There were also known weaknesses in the interim systems carried over into the new contract which are currently being used to extract and report KPI performance (e.g. Highways Exor system).

As a result there is currently significant reliance on manual data extraction and entry in compiling and reporting performance. Re is implementing new and/or improved systems as part of its contractual transformation programme, which will achieve enhanced and improved reporting processes. The Authority has been working with Re to improve interim KPI reporting processes. This includes a robust governance structure with weekly and monthly reviews to discuss KPI performance in detail, and reviewing evidence of this performance.

We reviewed the KPI outturn for quarter 4, 2013-14 and quarter 1, 2014-15.

Quarter 4: 2013-14: 545/622 87.6% (target: 90%)

Quarter 1: 2014-15: 307/321 95.6% (target: 100%)

In May 2014 the Authority began discussions with Re to change reporting of KPI NM 2.2 to reflect the wider scope of all Category 1 defects (and not only pothole repairs) as intended in its contractual definition.

### Key Findings (informing Audit opinion)

We reviewed the KPI outturn against the six characteristics collectively constituting the Council’s definition of data quality:

- **Accuracy** – data is without errors, and adheres precisely to any applicable definition
- **Reliability** – data reflects stable and consistent collection and capture processes across collection points and over time. These processes should

minimise manual intervention and maximise the automation of data collection and manipulation.

- **Timeliness** – data is captured as quickly as possible after the event or activity, and is used in a timely fashion
- **Relevance** – data is applicable to the issue and provides the answers needed
- **Completeness** – data collected and captured comprises of all necessary elements
- **A clear audit trail** – a documented process for obtaining and using the data, which is understood by all involved in producing the data, and is accessible to those who rely on the data or have an interest in it

Audit Opinion against Data Quality characteristics	Accuracy	Reliability	Timeliness	Relevance	Completeness	Clear Audit Trail
	x	x	✓	x	x	✓

There are one priority 1, two priority 2 and one priority 3 recommendations. Re have agreed to implement the recommendations made and the Council's commercial team will continue to monitor and scrutinise the KPI.

## 8. Risk Management

In 2014/15 we are reviewing the Council's risk management arrangements during the course of the year as part of audits where appropriate. At the end of the year we will bring these findings into a summary report which will come to Audit Committee and will provide an assurance rating over the Council's risk management arrangements.

## Appendix B: 2014-15 work completed during quarter 2 including assurance levels

### Audit Opinions on Completed Audits during the period

	<b>Systems Audits</b>	<b>Assurance</b>
1	Transformation Q1	Satisfactory
2	Complaints	Satisfactory
3	Permanency Routes	Limited
	<b>Joint Internal Audit &amp; CAFT Reviews</b>	
4	Your Choice Barnet Contract Review	Limited
5	Passenger Transport Contracts	Limited
	<b>Assurance Projects</b>	
6	Troubled Families payment by results	N/A
7	Data Quality – Re KPI 2.2	N/A
8	Commissioning for Outcomes	N/A
9	Bus Subsidy Grant	N/A

	<b>School Audits</b>	<b>Assurance</b>
10	St. Agnes	Satisfactory
11	Brookland Junior	Satisfactory
12	Brookland Infant	Satisfactory
13	Tudor School	Satisfactory



## Appendix C: Work in progress

The following work is in progress at the time of writing this report:

Work in progress		
	<b>Systems Audits</b>	<b>Status</b>
1	Children's Centres - Financial Management	Draft Report
2	Data Quality Q2 - CPI 1001 – Increase in the % of eligible adult social care customers receiving self-directed support	Draft Report
3	Health & Safety	Draft Report
4	OFSTED - Compliance with Requirements	Draft Report
5	Project Management	Fieldwork
6	Mental Capacity Act	Fieldwork
	Key Financial Systems:	
7	• Payroll	Planning
8	• Pensions	Planning
9	• Treasury Management	Planning
10	• Accounts Payable	Planning
11	• Accounts Receivable	Planning
12	• Cash & Bank	Planning
13	• General Ledger	Planning
14	• Housing Benefits	Planning
15	• Council Tax	Planning
16	• NNDR	Planning
17	Decommissioning of SAP	Planning
18	Internal Governance Q2 – Delivery Board	Planning
19	Re Joint Venture governance arrangements	Planning
20	Street Scene - Budget Monitoring and MTFS Transformation programme governance	Planning
21	SEN	Planning
22	Legislative Changes (Children & Family Act)	Planning
23	Information Management Strategy	Planning
24	Transformation Q3	Planning
25	Data Quality Q3	Planning
26	Troubled Families Q3	Planning
	<b>School Audits</b>	<b>Status</b>
27	Moss Hall Infant	Draft Report

## Appendix D: Internal Audit Effectiveness Indicators

Performance Indicator	Annual Target	End of Quarter 2
% of recommendations accepted	98%	100%
% of recommendations implemented	90%	67%
External Audit evaluation of Internal Audit (previous year)	Reliance On IA	Quarter 4 assessment
Average client satisfaction score (above 3)	90%	100%
% of Plan delivered	32%*	26%
% of draft reports completed within 10 days of finishing fieldwork	90%	96%
Periodic reports on progress	Each Audit Committee	Achieved
Preparation of Annual Plan	By April	Quarter 4 assessment
Preparation of Annual Report (previous year)	Prior to A.G.S.	Quarter 1 assessment
Staff with professional qualifications	70%	75%
Staff development days	5 days	Quarter 4 assessment

\* 95% of quarters 1 and 2 activity

## Appendix E: Quarter 2, 2014-15: Priority 1 Recommendations due

### Quarter 2, 2014-15: Recommendations due

#### Code to ratings:

Shading	Rating	Explanation
	Implemented	The recommendation that had previously been raised as a priority one has been reviewed and was considered implemented.
	Partly Implemented	Aspects of the priority one recommendation had been implemented however not considered implemented in full.
	Not Implemented	There had been no progress made in implementing this priority one recommendation.

Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment October 2014
<b>Public Health - April 2014</b>  <b>Public Health governance and organisational structure</b>  a) A governance structure chart should be developed that clearly shows the expected interaction between the shared Public Health team and Barnet's commercial contract management team.  b) In practice the focus of the Public Health Governance Board	Lead Commissioner / Commercial & Customer Services Director  01/09/14	<b>Governance Structure</b>  The Inter Authority Agreement (IAA) and the Terms of Reference of the Public Health Governance Board are to be reviewed and amended in order to make the PH Governance Board a more robust mechanism for performance and contract monitoring as detailed below. In preparation for this a governance chart has been drafted and once this is confirmed it will be made available to Council staff on the intranet.  It is important to recognise the scope of the indicators which are directly managed by officers within the Public Health. The Public Health Outcomes Framework contains approx. 66 indicators, which whilst monitored by the Public	<b>Implemented</b>  a) An updated Inter Authority Agreement and JPH Governance Board Terms of Reference were provided. Representation now included Commercial Services senior management to embed responsibility for overseeing JPHS shared service delivery from Barnet Council's perspective (in line with the finding issue). The Terms of Reference provided for the provision of quarterly performance reports to the Board. A representative from Barnet's Commercial team attends a

Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment October 2014
<p>should be on (a) whether the Inter-Authority Agreement requirements are being met and (b) whether the Public Health shared service management agreement priorities are progressing adequately.</p> <p>c) The Public Health organisational structure document should be formally reviewed on a periodic basis and include a version control, detailing the document approver and the corresponding dates.</p> <p>d) Both the governance and organisational structure documents should be made easily accessible by Barnet Council staff on the intranet so that roles and responsibilities are clearly communicated.</p>		<p>Health team, are not necessarily within the direct responsibility of delivery by the Public Health team.</p> <p>Clarity of responsibility for different aspects associated with the Joint Public Health Strategy (JPHS) will be jointly developed and will address:-</p> <ul style="list-style-type: none"> <li>Where the responsibility for overseeing the JPHS in respect of ensuring the shared service is working effectively is held</li> <li>Revising the Terms of Reference of the Governance Board It to take account of this new contracting model between Barnet and Harrow.</li> <li>Agreeing the role and contribution of Barnet's Commercial Team to provide sufficient oversight of the contract management and delivery of the IAA.</li> </ul> <p>The responsibility for ensuring that the JPHS is held to account by Members in respect of how the Strategy is delivering will be the remit of the Performance and Contract Management Committee. This Committee has responsibility for:</p> <ul style="list-style-type: none"> <li>Overseeing how the actual Public Health KPI's and CPI's are being delivered</li> <li>Ensuring that the LBB Public Health priorities, as outlined within the Corporate Plan are considered within the Management Agreement priorities.</li> <li>Ensuring that the Management Agreement priorities and any associated KPI's are being</li> </ul>	<p>monthly performance meeting too.</p> <p>b) The Terms of Reference referred to the Barnet governance structure and the Commercial team involvement in monitoring shared service delivery. The Inter Authority Agreement (IIA) and the updated Terms of Reference referred to the Board's responsibility for managing the IIA and monitoring the Management Agreement performance.</p> <p>c) A dated version controlled PH organisational structure was provided. This had been updated 30 September 2014.</p> <p>d) The PH governance structure and organisational structure dated 30 September 2014 were uploaded to the Intranet.</p>

Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment October 2014
		<p>delivered by the JPHS</p> <p>In preparation the Commercial Team and PH are reviewing the current IAA and will be making recommendations on how this might need to be revised to take account of this.</p> <p><b>Organisational Structure</b></p> <p>Organisational structure is attached and can be found online at;</p> <p><a href="http://www.barnet.gov.uk/info/940457/public_health">http://www.barnet.gov.uk/info/940457/public_health</a></p>	
<p><b>Public Health - April 2014</b></p> <p><b>Third party contract management</b></p> <p>The Council's commissioning group should maintain greater oversight and involvement with the contractual arrangements of the joint Public Health service. It should consider where this responsibility fits best within the Council structure.</p>	<p>Lead Commissioner, Director for Commercial and Customer Services</p> <p>01/09/14</p>	<p>As a joint service, the Public Health team negotiate and manage the related contracts on behalf of Barnet Council. However, it is recognised that this information may, at times, be limited to the service with limited oversight of the wider corporate organisation.</p> <p>The revised Governance structure outlined within section 2.1 will provide adequate oversight of the performance of the JPHS by the Commercial Services team.</p>	<p><b>Implemented</b></p> <p>The PH Governance structure embedded the review of public health service delivery by Commercial Services senior management as part of their membership of the Joint Public Health Governance Board which met quarterly. The Terms of Reference provided for the quarterly submission and review of performance reports with defined content to/by the Board.</p> <p>Operational Performance meetings are now undertaken monthly and are attended by representatives of Commercial Services. There was evidence of review of performance in line with Joint Public Health Management</p>

Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment October 2014
			Agreement KPI's.
<b>SWIFT and WISDOM – March 2014</b>  <b>Information Governance</b>  1. Data classification definitions (such as normal, restricted, elevated) should be developed and agreed across the Council. Staff should be trained	Head of Information Management  31/01/2016	1. Under the Information Management Strategy, the Council will implement a work stream to implement the Government's Security Classifications Policy (formerly the Protective Marking Scheme). This policy has been substantially changed, and came into force in April 2014. An initial assessment of the requirements of the new Government classification scheme will be undertaken by end of June 2014 with the full programme to conclude by January 2016.	1. Not due yet
2. Access to case information on Wisdom should be restricted according to business need.	Head of Information Management  31/07/2014	2. As part of the Information Management Strategy, we are implementing a project to look at underlying problems with Wisdom and to evaluate its business purpose. We will look at the access controls in Wisdom at this point.	<b>Partly Implemented</b>  The Wisdom 'Get Well' project is underway involving Daisy, the provider of Wisdom. The first phase is due to deliver by the end of October 2014. Part of the current functionality problem of Wisdom is that you cannot restrict access according to need. Daisy will make recommendations, cost the proposed changes and then CIMB will put forward a decision on how to proceed.  System audits are carried out for both Swift and Wisdom by the Adults and Communities team on a quarterly basis which acts as a

Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment October 2014
			<p>compensating control to ensure that general access to Wisdom (albeit not at a case level) is controlled.</p> <p><b>Revised implementation date:</b> July 2015.</p>
<p>3. Appropriate SWIFT system upgrades need to be implemented to ensure that staff do not need to resort to removing data from applications to work efficiently</p>	<p>Programme Manager, Adults &amp; Communities and ICT Director (CSG)</p> <p>30/06/2014</p>	<p>3. A Swift upgrade project is currently in progress which will help to alleviate the system problems that have led to this issue.</p>	<p>3. Not due yet – revised implementation date of November 2014 reported to July Audit Committee</p>
<p><b>Disabled Blue Badges – July 2014</b></p> <p><b>Client-side BB OLA oversight</b></p> <p>An Operational Monitoring Agreement (OLA) supporting the overarching Customer Services Service Level Agreement (SLA) should be drafted against which agreed service delivery should be monitored. Responsibility for the client-side oversight of the BB OLA should be allocated.</p> <p>In addition to the SLA measures of telephony, e-mail response times and customer satisfaction,</p>	<p>Commercial &amp; Customer Services Director / Head of Service Delivery &amp; CSG Operations Barnet</p> <p>4 July 2014</p>	<p>The Blue Badge service is monitored as part of customer services and is subject to monthly and quarterly monitoring by the Commercial team and as part of the quarterly performance management cycle. There has also been a great deal of work undertaken in response to customer complaints re the application process. Therefore the risk of sub-optimal service delivery and satisfaction levels is not considered to be high.</p> <p>Although the Assisted Travel (AT) team transferred to the Customer Support Group (CSG) on 1st September 2013, this service was then moved to Coventry as part of the Contact Centre moves, with the new team being effective from the 12 May.</p> <p>A draft OLA has already been produced and this will be updated and finalised to include measures which provide evidence of delivery of key processes and the analysis of trends.</p> <p>The Client lead will be within the Commercial</p>	<p><b>Implemented</b></p> <p>The final OLA was signed between Commercial and the Assisted Travel Team. The OLA included performance measures and reporting which would provide evidence of delivery of key processes and the analysis of trends. Client side monitoring of service delivery now occurs through OLA service delivery meetings which commenced in August 2014.</p>

Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment October 2014
<p>we would suggest that the OLA include measures which provide evidence of delivery of key processes and the analysis of trends. For example, by month, the number of BB applications, number of BBs issued, number of referrals to CAFT and to and from Parking and the number and percentage of BB applications resolved outside target timeframes.</p>		<p>Team through the Commercial and Customer Services Director.</p>	
<p><b>Disabled Blue Badges – July 2014</b></p> <p><b>Cancellation, Misuse and Enforcement</b></p> <p>Pro-active arrangements for identifying at the earliest possible stage Blue Badges of holders who are deceased should be developed and implemented by Assisted Travel.</p> <p>Arrangements should be implemented:</p> <ul style="list-style-type: none"> <li>- for Assisted Travel (AT) to record whether cancelled Blue Badges have been returned for on-going follow-up and recording on BBIS, as a minimum, as a reminder to stop future renewal</li> </ul>	<p>Commercial &amp; Customer Services Director / Head of Service Delivery &amp; CSG Operations Barnet</p> <p>31/8/2014</p>	<p>In recognising that this is a new team in Coventry, a protocol and new process will be written to set out the respective roles and responsibilities of the Assisted Travel Team, Parking Client team, NSL and CAFT to minimise blue badge fraud and misuse.</p>	<p><b>Partly implemented</b></p> <p><b><u>Process and procedures</u></b></p> <p>The OLA and Blue Badge Misuse procedure specifies roles and responsibilities for Assisted Travel, Commissioning, NSL and Corporate Anti-Fraud (CAFT).</p> <p>While the misuse procedure defined how to deal with allegations of misuse reported by customers, it did not specify arrangements – as stated in the recommendation - for:</p> <ol style="list-style-type: none"> <li>1. AT identifying blue badges of deceased holders,</li> <li>2. AT communicating blue badge details of deceased holders and cancelled blue badges which had not been returned to the Council</li> </ol>



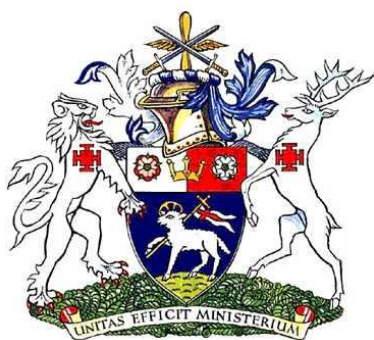
Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment October 2014
<p>- to improve communication between Assisted Travel and Parking (Enforcement) by:</p> <ul style="list-style-type: none"> <li>• AT notifying Parking of Blue Badges which have been cancelled and not returned, for example, for deceased badge holders or through the badge being reported to AT as lost or stolen, for example for reporting at CEO briefing sessions prior to street enforcement operations each day</li> </ul> <p>and</p> <ul style="list-style-type: none"> <li>• Parking notifying the AT team of misuse identified by Parking CEOs for invoking AT misuse processes.</li> </ul>			<p>to Parking (NSL)</p> <p>3. AT communicating blue badges reported as lost or stolen to Parking (NSL).</p> <p>4. Parking (NSL) notifying AT where blue badge misuse was identified by the NSL Parking CEOs during their rounds</p> <p>5. AT to record where Blue Badges have been cancelled to stop future renewal and to chase where cancelled badges have not been returned.</p>
<p>At least once a year the Corporate Anti-fraud (CAFT) team should co-ordinate an enforcement operation between CAFT, Parking and Assisted Travel to enforce the proper use of Blue Badges on the street.</p>	<p>Assurance Assistant Director</p> <p>Commercial &amp; Customer Services Director</p> <p>Head of Service</p>	<p>CAFT confirms it is happy to co-ordinate an annual enforcement operation.</p>	<p><b>Partly Implemented</b></p> <p>CAFT and the Commercial and Customer Services Group have co-ordinated this year's enforcement operation with the Met Police partner, scheduled for end-November 2014. The exact date will be determined nearer the time following the Met Police's</p>

Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment October 2014
	Delivery & CSG Operations Barnet  Infrastructure and Parking Manager - Street Scene  31/8/2014		imminent decision on their resource to allocate to the operation.
<b>IT Access Controls – February 2014</b>  <b>Policies and Procedures</b>  Council wide policies for user management should be developed, agreed and communicated.	ICT Director (CSG) and Head of Information Management (LBB)  (Approval 30/6/2014 – confirmed in Q1)  Implement by 31/8/2014	Develop and agree an IT User Access Policy for the council through working with the Security Forum and the Information Management and Technology Working Group.  Get the approval of the Customer and Information Management Board for this policy, and implement through the normal communication and training channels	<b>Implemented</b>  The IT User Access Policy is now in place and has been communicated to all via the Information Management Team's 'Info First' newsletter. The policy is available to all on the Information Management policies page on the intranet.
<b>IT Access Controls – February 2014</b>  <b>Access to Council Systems and Data</b>  1. Regular user reviews should	ICT Director  30/9/14	The IS Service is implementing internal procedures in line with ISO20000-1 best practice, which include a review and continuous service improvement element to each process. This will be used to validate the success of the new procedures. The outcome of these reviews will be reported to the IM&T Working Group after 6 months and annually thereafter.	<b>Implemented</b>  A routine process has been implemented to automatically disable network accounts in Active Directory which have not been used for three months.

Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment October 2014
<p>be undertaken across all systems with follow up actions where relevant to remove users, evidence of these reviews should be retained.</p>			<p>Processes have been implemented, involving interaction between the Children's Data and IT Team and Information Systems, to identify and disable the accounts of users in the Integrated Children's Service (ICS) system who no longer require access.</p> <p>Similar processes have been implemented In Adults and Communities for removing users in SWIFT, where necessary.</p>
<p>2. An exercise to review all users with access granted prior to 2010 should be undertaken and the appropriateness of their access confirmed.</p>	<p>ICT Director (CSG) and Head of Information Management (LBB)</p> <p>Implement by 30/9/2014</p>	<p>The IS Service is implementing internal procedures in line with ISO20000-1 best practice, which include a review and continuous service improvement element to each process. This will be used to validate the success of the new procedures. The outcome of these reviews will be reported to the IM&amp;T Working Group after 6 months and annually thereafter.</p>	<p><b>Implemented</b></p> <p>A routine process has been implemented to automatically disable network accounts in Active Directory which have not been used for three months. This will include those accounts where access was granted prior to 2010.</p> <p>Reviews of existing access in SWIFT and ICS are undertaken in Adults and Communities and Children's Service respectively and are communicated to the Information System Service for action, where necessary.</p> <p>A review of system user IT access is planned for December 2014. Similar reviews will take place annually. The outcome of these</p>

Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment October 2014
			reviews will be reported to the IM&T Working Group.

AGENDA ITEM 8



## Audit Committee

### 6<sup>th</sup> November 2014

<b>Title</b>	<b>Corporate Anti-Fraud Team (CAFT) Progress Report April – June 2014.</b>
<b>Report of</b>	Clair Green – Assurance Assistant Director
<b>Wards</b>	All
<b>Status</b>	Public
<b>Enclosures</b>	Appendix 1 - CAFT Progress Report July – September 2014
<b>Officer Contact Details</b>	Clair Green <a href="mailto:clair.green@barnet.gov.uk">clair.green@barnet.gov.uk</a> 0208 359 7791

## Summary

This report covers the period 1st July 2014 – 30th September 2014 and represents an up-to-date picture of the work undertaken by Corporate Anti-Fraud Team (CAFT) during that time.

## Recommendations

1. That the Committee note the CAFT Progress Report covering the period 1st July – 30th September 2014.

## **1. WHY THIS REPORT IS NEEDED**

- 1.1 The Audit Committee included in the work programme for 2014/5 that quarterly progress reports on the work of the Corporate Anti- Fraud Team is produced to this meeting.

## **2. REASONS FOR RECOMMENDATIONS**

- 2.1 N/A

## **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1 None

## **4. POST DECISION IMPLEMENTATION**

- 4.1 None

## **5. IMPLICATIONS OF DECISION**

### **5.1 Corporate Priorities and Performance**

- 5.1.1 The Council has a responsibility to protect the public purse through proper administration and control of the public funds and assets to which it has been entrusted. The work of the Corporate Anti-Fraud Team (CAFT) supports this by continuing to provide an efficient value for money anti-fraud activity, that is able to investigate all referrals that are passed to us to an appropriate outcome, whilst continuing to offer support, advice and assistance on all matters of fraud risks including prevention, fraud detection, money laundering, other criminal activity, and deterrent measures, policies and procedures, whilst delivering a cohesive approach that reflects best practice and supports all the new corporate priorities and principles.

### **5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

- 5.2.1 The structure and budget that CAFT operate within has proven successful and provides sufficient resource and commitment that is required to carry out an effective anti-fraud service and deliver the key objectives as set out within the strategy.

### **5.3 Legal and Constitutional References**

- 5.3.1 Under Section 151 of the Local Government Act 1972 the Council has a statutory obligation to ensure the protection of public funds and to have an effective system of prevention and detection of fraud and corruption.
- 5.3.2 The Council's Constitution under Responsibility for Functions - The Audit Committee's terms of reference, details the functions of the Audit Committee including  
To monitor the effective development and operation of the Council's Corporate Anti-Fraud Team; and

To consider regular anti-fraud progress reports and summaries of specific fraud issues and investigation outcomes.

5.3.3 There are no Legal issues in the context of this report.

#### **5.4 Risk Management**

5.4.1 The on-going work of the CAFT supports the council's risk management strategy and processes. Where appropriate, outcomes from our investigations are reported to both Internal Audit and Risk Management to support their on-going work and to assist in either confirming effective anti-fraud controls and or suggested areas for improvement.

#### **5.5 Equalities and Diversity**

5.5.1 Pursuant to section 149 of the Equality Act, 2010, the council has a public sector duty to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between those with a protected characteristic and those without; promoting good relations between those with a protected characteristic and those without. The, relevant, 'protected characteristics' are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. It also covers marriage and civil partnership with regard to elimination discrimination

5.5.2 Effective systems of anti-fraud provide assurance on the effective allocation of resources and quality of service provision for the benefit of the entire community.

#### **5.6 Consultation and Engagement**

5.6.1 None

### **6. BACKGROUND PAPERS**

6.1 Delegated Powers Report (ref: BT/2004-05 -2 March 2004) - The Corporate Anti-Fraud Team (CAFT) was launched on 7th May 2004

6.2 Audit Committee 29th April 2014 (Decision item 10) – the Audit Committee approved the Internal Audit and Anti-Fraud Strategy and Annual Plan and Risk Management approach 2014-2015.

6.3 Audit Committee 29th 2014 - (Decision item 13 ) – the Audit Committee included in the work programme for 2014/5 that quarterly progress reports on the work of the Corporate Anti- Fraud Team be produced to this meeting.

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## REPORT CLEARANCE CHECKLIST

*(Removed prior to publication and retained by Governance Service)*

Report authors should engage with their Governance Champion early in the report writing process and record the date below. If the decision/report has been reviewed at an internal board please record the date and name of the meeting (e.g. SCB). Otherwise enter N/A. All reports must be cleared by the appropriate Director/AD, Legal, Finance and Governance as a minimum. **Legal, Finance and Governance require a minimum of 5 working days to provide report clearance. Clearance cannot be guaranteed for reports submitted outside of this time.**

### AUTHOR TO COMPLETE TABLE BELOW:

Who	Clearance Date	Name
Governance Champion	N/A	
Director / AD / Lead Commissioner	16/10/14	Clair Green
SCB	15/10/14	
Commissioning and Policy	N/A	
Equalities & Diversity	N/A	
HR Business Partner	N/A	
Strategic Procurement	N/A	
HB Public Law	N/A	
Finance	21/10/14	John Hooton
Governance	28/10/2014	Andrew Charlwood



# Corporate Anti-Fraud Team (CAFT) Progress Report: July – September 2014

**9<sup>th</sup> October 2014**  
**Clair Green**  
**Assurance Assistant Director**

## Introduction

This report covers the period 1<sup>st</sup> July 2014 – 30<sup>th</sup> September 2014 and represents an up-to-date picture of the work undertaken by Corporate Anti-Fraud Team (CAFT) during that time.

All CAFT work is conducted within the appropriate legislation and through the powers and responsibilities as set out within the financial regulations section of the Council's constitution. CAFT supports the Chief Finance Officer in fulfilling his statutory obligation under section 151 of the Local Government Act 1972 to ensure the protection of public funds and to have an effective system of prevention and detection of fraud and corruption. It supports the Council's commitment to a zero tolerance approach to fraud, corruption, bribery and other irregularity including any Money Laundering activity.

Work processes in the team are designed for maximum efficiency and as such all functions are intrinsically linked and are dependent on each other in order to ensure CAFT continue to provide an efficient value for money counter fraud service and that is able to investigate all referrals or data matches to an appropriate outcome. CAFT provide advice and support to every aspect of the organisation including its partners and contractors. This advice varies between fraud risk, prevention and detection, money laundering and other criminal activity as well as misconduct and misuse of public funds. Some of the matters will progress to criminal investigation and others will not, but in all cases appropriate actions, such as disciplinary are taken. It is this element of the work of CAFT that is hard to quantify statistically.

Since the quarter one report CAFT have featured in the BBC One programme 'Saints and Scroungers' as part of our on-going publicity campaign specifically designed to increase awareness and deter fraud. We have also published additional fraud data as required by the Department of Communities and Local Government (DCLG) Local Government Transparency Code 2014 details of which are listed below.

### Local Government Transparency Code 2014 - Fraud data sets 2013/2014

Information published	Outcome
Number of occasions powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers have been used-	None
Number of counter fraud staff employed by the authority	13.7 full time equivalent staff
Amount spent by the authority on counter fraud work	£631,703.59
Number of fraud cases investigated	1029
Number of occasions on which fraud was identified, and	467
Monetary value of the fraud detected	£11,902,440.00*
Monetary value of the fraud and recovered	£9,632,168.00**

\*calculation =

- 63 council properties recovered at a value of £150,000.00 per properties (as per Audit Commission calculation ) = £9,450,000.00
- 11 RTB prevented @ value of £100k each = £1,100,000.00
- £1,195.154.00 – benefit fraud overpayments
- £120,286.00 Council Tax Single person discounts removed
- Corporate fraud identified £37,000.00

\*\*calculation=

- Total fraud detected = £11,902,440.00
  - £1,100,000.00 RTB prevented
  - £24,882 benefit fraud overpayments recovered of that identified in year as 31/4/13
- = Total Fraud recovered £9,632,168.00

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## 1 Joint Internal Audit and CAFT reviews

Table 1 provides an update as at the end of Quarter 1 against joint reviews planned for Quarter 1 as detailed within the joint CAFT/ Internal Audit plan.

Area of review	Risk being addressed	Outcome
<p><b>Transport contracts</b>  <i>(Joint review with Internal Audit)</i></p> <p>CAFT review to analyse a sample of invoices for verification purposes.</p>	<p>If validation of invoices does not take place then there is a risk of duplicate or fraudulent invoicing resulting in loss to the public purse.</p>	<p>As part of the 2014/15 CAFT annual plan agreed by the Audit Committee in April 2014, we have undertaken a joint review with internal audit of Transport Contracts.</p> <p>As part of the CAFT review, we noted that two contractors who were not secured as part of the Street Scene PTS framework contract were used by Children's DU for transporting children. At the date of the report the delivery unit had ceased using these contractors and had alternative arrangements in place.</p> <p>The review identified potential overpayments relating to one invoice totalling £1,400 in 2010 and 2012 the date of the report the delivery unit were in the process of resolving these.</p> <p>Full details and all recommendations relating to this review can be found in the Internal Audit Quarter 2 Progress Report.</p>

Area of review	Risk being addressed	Outcome
<p><b>Your Choice Barnet – contract review</b>  <b>(Joint review with Internal Audit)</b></p> <p>Review to analyse a sample of employees within Care Homes to verify that they have legitimate identity documents and the right to work in the UK</p>	<p>There is a risk that care workers may be working without the appropriate clearances for eligibility or right to work.</p>	<p>As part of the 2014/15 CAFT annual plan agreed by the Audit Committee in April 2014, we have undertaken a joint review with internal audit of the 'Your Choice Barnet' (YCB) contract management arrangements.</p> <p>As part of the exercise CAFT reviewed all employment records of 123 YCB employees. Initially 89 were confirmed as valid and eligible to work in the UK. The remaining 34 were subject to further enquiries. All enquiries have now been completed and we are able to report that 120 have been confirmed valid and eligible to work in the UK – the three remaining members of staff are no longer employed by YCB.</p> <p>Full details and recommendations relating to this review can be found in the Internal Audit Quarter 2 Progress Report.</p>

## 2 Performance Indicators

Table 2 provides an update against all performance indicators as set out within the 2014/15 anti -fraud plan. No targets are set against each of these indicators, as they are the results of CAFT re-active and continuous investigation work.

Performance Indicator	Quarter 1 April – June	Quarter 2 July - September	Year to date	Comments
<b>Benefit Compliance Team</b> identify and correct fraud and error in our benefits and council tax systems through various methods including dealing with the Department of Work and Pensions (DWP) Housing Benefit Data Matches (HBDMS) and the Audit Commissions (AC) National Fraud Initiative (NFI) Benefit Matches. The team conduct assessments of benefit which may result in an overpayment which is then passed to our Benefit Investigation team to further investigate.				
Total amount of Fraud overpayments identified in Benefits system	£112,033	£376,560	<b>£488,593</b>	It is important to note that this figure fluctuates throughout the year dependent on the level of work within the team and the number of data matches that are received from the DWP. However the overall combined figure is comparable to the reported figure of £1,046.412 at this point last year.
Total amount of Error overpayments identified in Benefits system	£262,015	£475,967	<b>£737,982</b>	
Combined amount Fraud and Error identified within the Benefits System	£374,048	£852,527	<b>£1,226,575</b>	
Amount of council tax – single person discount fraud identified	£22,383	£36,528.07	<b>£58,911.59</b>	This figure relates to the continuous anti-fraud work in relation to Council Tax Single Person Discounts that CAFT identified through investigations that residents were claiming and not entitled to.
<b>Benefit Fraud Investigation Team</b> prevents, identifies, investigates, deters, sanctions or prosecutes persons that commit benefit fraud in Barnet. They operate in accordance within the DWP's Fraud and Error Strategy and the Council's Counter Fraud Framework as well as relevant governing legislation.				
Number of carried forward Benefit Fraud investigations from 13/14	222			At the time of reporting we have a significant amount of on-going benefit fraud investigations within CAFT. So far this quarter there has been a steady level of referrals into CAFT and these predominately originate from the DWP Housing Benefit Data Matching Service
Number of new Benefit Fraud	70	59	129	

investigations				(HBDMS).
Total Number of closed Benefit Fraud investigations	48	79	127	
Total number of on-going Benefit Fraud investigations	244	224		
Number of cautions issued	4	2	6	These figures relate to the differing sanctions that are available under the DWP's Fraud and Error Strategy in relation to benefit fraud investigations where fraud is proven.
Number of administration penalties issued	6	26	32	
Number of prosecutions	5	4	9	
Total number of Sanctions	15	32	47	
Number of sanctions issued per investigations officer	4	9	13.5	
<b>Corporate Fraud Team</b> deal with the investigation of any criminal and fraud matters (except Benefit and Tenancy related fraud) attempted or committed within or against Barnet such as internal employee frauds, frauds by service recipients and any external frauds. They also conduct Financial Investigation under the Proceeds of Crime Act 2000 to ensure that any persons subject to a criminal investigation by Barnet do not profit from their criminal action. They work in partnership with UKBA, Police and HM Revenue and Customs to ensure that the public purse is adequately protected				
Number of carried forward Fraud investigations from 13/14	10			Of the 13 on-going investigations, 3 relate to Blue Badge Fraud which was identified as part of the pro-active exercise in quarter one and the remaining 10 are from other areas across the council. Details of cases are reported on closure if fraud is proven or another sanction given.
Number of new fraud investigations (excluding financial cases)	33	16	49	
Total Number of closed fraud investigations	10	36	49	
Total number of on-going fraud investigations	33	13		
Number of carried forward Financial investigations	13			A Financial investigation is one of many specialist investigative approaches employed by Local Authorities when tackling criminal activity and it is an

from 13/14				increasingly well-established discipline. Financial investigators typically operate within the legal framework of the Proceeds of Crime Act 2002 (POCA), which introduced a number of asset recovery powers, including the use of restraint orders and post-conviction confiscation orders as well as cash seizure and civil forfeiture/recovery. Related policies include the Asset Recovery Incentivisation Scheme, which allows Local Authorities to keep a proportion of assets recovered.
Number of new Financial investigations	3	4	7	
Number of closed Financial investigations	0	7	8	
Total Number of on-going Financial investigations	16	13		Of these 13 financial investigations, 10 cases relate to Benefit Fraud and the recovery of funds back to the council, 2 relate to planning enforcement cases and 1 relates to a council tax money laundering case.
Number of dismissals as a result of a CAFT investigation.	1	1	2	Please refer to noteworthy investigations (section 3) of the report for further details.
Number of requests authorised for surveillance.	0	0	0	In accordance with our policy on Regulation of Investigatory Powers Act 2000 (RIPA) this is reported for information purposes and to support statistical return to the Office of Surveillance Commissioners
Number of referrals received under the council's whistleblowing policy.	0	0	0	This is reported for information purposes only in accordance with our policy.
<b>Tenancy Fraud Team</b> prevent, identify, investigate, deter and sanction or prosecute persons that commit tenancy fraud in Barnet, ensuring maximising properties back to the council where Tenancy Fraud has been proven.				
Number of carried forward Tenancy Fraud investigations from 13/14	79			Of the 94 on-going investigations 10 cases are currently with our legal provider pending civil recovery action, 8 cases have had notice to quits served on them and the remaining 76 are current investigations.
Number of new Tenancy Fraud investigations	47	34	81	
Total Number of closed Tenancy Fraud investigations	35	31	66	



Total number of on-going Tenancy Fraud Investigations.	91	94		
Number of properties recovered	17	6	23	We have agreed an annual figure relating to recovering 70 properties over the year with Barnet Homes. At mid-year this is below expected levels due to significant amount of on-going recovery action detailed above.
Number of 'Right to Buy' applications denied as a result of CAFT intervention	5	1	6	This is the first year that we have proactively worked with the 'Right to Buy' service in relation to RTB fraud. Intervention in this area prevents the loss of valuable council assets.
Number of Applications denied as a result of CAFT intervention	0	1	1	Fraud awareness training has now been given to all relevant staff in housing options and across Barnet Homes.

### 3 Noteworthy investigations summaries:-

#### Benefit Fraud Investigations

**Mr Riley** – relates to a joint investigation with DWP into a benefit claimant that had failed to declare an occupational pension. Mr Riley admitted in an interview under caution that he had made a mistake but could not explain why he had failed to notify the pension. The claim was reassessed and resulted in an overpayment of £25,328.57 for the period 2005 to 2013. There was also a DWP overpayment of £33,427.91. The matter was passed for prosecution. Mr Riley has pleaded guilty to the offences and is currently awaiting sentencing for the matter.

**Mr Scarola** – relates to a joint investigation with DWP into a benefit claimant that had failed to declare savings and part-time employment. Mr Scarola admitted under caution that he had deliberately failed to inform the departments of these details. The claim was reassessed and resulted in an overpayment of £12,534.54 for the period 2008 to 2010. There was also a DWP overpayment of £32,508.28. The matter was passed for prosecution. Mr Scarola pleaded guilty to 4 offences and was sentenced to 20 weeks imprisonment, suspended for two years, on each count,

#### Tenancy Fraud cases

**Mrs A** had a two bedroom flat in the NW9 area. There were suspicions that Mrs A was not actually resident and the matter was passed to CAFT. Investigations began into the residency of the property and appeared to show Mrs A was actually living elsewhere. When she became aware that she was being investigated, Mrs A returned the keys to the property and surrendered the tenancy. Mrs A was interviewed under caution regarding a criminal offence and the matter is now with our legal department regarding a criminal prosecution.

**Mr B** was assigned a one bedroom flat in the NW4 area in April 2014. Investigations revealed that he was advertising the property online and was actually living elsewhere. Mr B was interviewed under caution about the matter and fully admitted that he was sub-letting the property. He has now returned the keys and surrendered his tenancy. The matter is now with our legal department regarding a criminal prosecution

**Miss C made** an application to succeed her mother to a 3 bedroom house in N10. There were concerns that she was living elsewhere and the matter was passed to CAFT. Investigations showed that Miss C already held a tenancy with another registered social landlord. When confronted with this information, Miss C handed the keys back and withdrew her application to succeed the tenancy. No further action is being taken at this time.

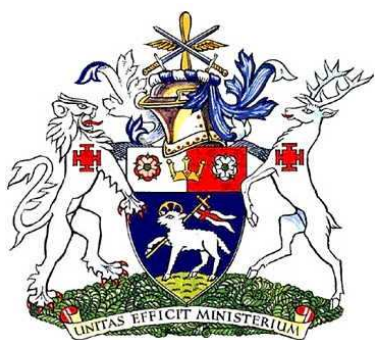
### **Corporate Fraud**

**Case 1:-** An internal investigation commenced in to a number of calls that had been made from a temporary employee's phone to a phone located in Kazakhstan. The employee was identified, and questioned which led to his dismissal.

**Case 2:-** Information was received by the fraud team advising that false information had been submitted in order to gain a place for a pupil at one of the boroughs most sought after schools. The application was investigated where it was found that the information submitted was in fact false. This resulted in the place being withdrawn

**Case 3:-**Relates to assistance that CAFT gave to a safeguarding investigation into the theft of jewellery from the homes of elderly residents recovering from illness or surgery. Five vulnerable adults reported the loss of jewellery after home visits had been conducted by carers who had been employed via an external provider to administer support. Whilst the evidence obtained by CAFT officers was insufficient to mount a full criminal prosecution, it was however, sufficient enough to identify possible suspects. As such an employee was suspended from duty and is currently awaiting disciplinary action.

AGENDA ITEM 9



## Audit Committee

### 6<sup>th</sup> November 2014

<b>Title</b>	<b>Counter Fraud Framework Review 2014</b>
<b>Report of</b>	Clair Green – Assurance Assistant Director
<b>Wards</b>	All
<b>Status</b>	Public
<b>Enclosures</b>	None
<b>Officer Contact Details</b>	Clair Green <a href="mailto:clair.green@barnet.gov.uk">clair.green@barnet.gov.uk</a> 0208 359 7791

## Summary

This report summarises minor changes resulting from the annual review of the Counter Fraud Framework and all policies contained within it.

## Recommendations

**The Committee is asked to note and approve updates to the Counter Fraud Framework 2014.**

### 1. WHY THIS REPORT IS NEEDED

- 1.1 The Audit Committee included in the work programme for 2014/5 that changes relating to the annual review of the Counter Fraud Framework (CFF) are reported to this meeting.
- 1.2 Policies within the CFF are reviewed annually to ensure that they remain and an accurate up to date reflection of appropriate legislation, good practice, council structure and working arrangements.

1.3 Polices within the framework are:-

- Introduction document
- Fraud Policy Statement and procedure
- Bribery Policy Statement and Procedure
- Prosecution and Sanction Policy Statement
- Whistleblowing Policy Statement and Procedure
- Anti -Money Laundering Policy Statement and Procedure
- Regulation of Investigatory Powers (RIPA) Act 2000 Policy Statement and Procedure

1.4 All policies have been generally reviewed and updated where applicable to ensure correct officer contact names, contact numbers and reference to internal and external relevant services, partners and other relevant polices. A number of the policies had duplication of information contained within them and as part of the review this was removed to ensure they are clear and concise. All policies have had the role of the Audit Committee in relation to the CFF updated as per the Audit Committee Terms of Reference.

1.5 Listed below is a table summarising additional updates to those mentioned in section 1.4

Policy Name	Outcome of Review
CFF introduction	No additional changes required
Fraud Policy Statement and Procedure	<ul style="list-style-type: none"><li>○ Inclusion of current practice around publicity strategy on relating to fraud cases with specific reference for inclusion within related TV programmes.</li><li>○ Minor amendments to referral procedure for clarity</li></ul>
Bribery Policy Statement	No Additional changes required
Prosecution Policy Statement	Change of name to Prosecution and Sanction Policy Statement.
Whistleblowing Policy Statement	Review of compliance against Public Concern at work - Whistleblowing Commission's Code of Practice:- compliance confirmed and minor amendments required to some narrative.
RIPA policy Statement and procedure	No additional changes required
Anti-Money Laundering Policy Statement and procedure	<ul style="list-style-type: none"><li>○ Removal of detail relating to 'customer due diligence' and 'client identification' as these are internal financial procedures</li><li>○ Removal of flow chart to make a referral and clearer concise instruction relating to the referral Process.</li><li>○ Removal of detail relating to other criminal offences.</li></ul>

- 1.6 All Policies within the CFF will remain in final draft version and can be accessed in full via this link: <http://barnet.moderngov.co.uk/ecSDDisplay.aspx?NAME=SD505&ID=505&RPID=503871009&sch=doc&cat=13619&path=13619>
- 1.7 If approval is given at Audit Committee these will be then published on the internet and intranet and communicated as final 2014 updates.

## **2. REASONS FOR RECOMMENDATIONS**

- 2.1 The Audit Committee has responsibility for monitoring the Council's Counter Fraud Framework and policies within and recommend their application across the Council.

## **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1 None

## **4. POST DECISION IMPLEMENTATION**

- 4.1 None

## **5. IMPLICATIONS OF DECISION**

### **5.1 Corporate Priorities and Performance**

- 5.1.1 The Council has a responsibility to protect the public purse through proper administration and control of the public funds and assets to which it has been entrusted. The work of the Corporate Anti-Fraud Team (CAFT) supports this by continuing to provide an efficient value for money anti-fraud activity, that is able to investigate all referrals that are passed to us to an appropriate outcome, whilst continuing to offer support, advice and assistance on all matters of fraud risks including prevention, fraud detection, money laundering, other criminal activity, and deterrent measures, policies and procedures, whilst delivering a cohesive approach that reflects best practice and supports all the new corporate priorities and principles.

### **5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

- 5.2.1 The structure and budget that CAFT operate within has proven successful and provides sufficient resource and commitment that is required to carry out an effective anti-fraud service and deliver the key objectives as set out within the strategy.

### **5.3 Legal and Constitutional References**

- 5.3.1 Under Section 151 of the Local Government Act 1972 the Council has a statutory obligation to ensure the protection of public funds and to have an effective system of prevention and detection of fraud and corruption.
- 5.3.2 The Council's Constitution under Responsibility for Functions - The Audit Committee's terms of reference, details the functions of the Audit Committee including, "To monitor the Council's Counter Fraud framework and policies within and recommend their application across the Council".
- 5.3.3 There are no Legal issues in the context of this report.

### **5.4 Risk Management**

- 5.4.1 The on-going work of the CAFT supports the council's risk management strategy and processes. Where appropriate, outcomes from our investigations are reported to both Internal Audit and Risk Management to support their on-going work and to assist in either confirming effective anti-fraud controls and or suggested areas for improvement.

### **5.5 Equalities and Diversity**

- 5.5.1 Pursuant to section 149 of the Equality Act, 2010, the council has a public sector duty to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between those with a protected characteristic and those without; promoting good relations between those with a protected characteristic and those without. The, relevant, 'protected characteristics' are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. It also covers marriage and civil partnership with regard to elimination discrimination
- 5.5.2 Effective systems of anti-fraud provide assurance on the effective allocation of resources and quality of service provision for the benefit of the entire community.

### **5.6 Consultation and Engagement**

- 5.6.1 None

## **6. BACKGROUND PAPERS**

- 6.1 Delegated Powers Report (ref: BT/2004-05, 2 March 2004) - The Corporate Anti-Fraud Team (CAFT) was launched on 7th May 2004
- 6.2 Audit Committee 24<sup>th</sup> July 2013 – Decision item 11 - the Committee approve the proposed updates to the Counter Fraud Framework 2013.
- 6.3 Audit Committee 29<sup>th</sup> April 2014 – Decision item 13 – the Audit Committee

included in the work programme for 2014/15 that a update on the Counter Fraud Framework be produced to this meeting

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