

MEETING

AUDIT COMMITTEE

DATE AND TIME

THURSDAY 3RD NOVEMBER, 2016

AT 7.00 PM

VENUE

HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4BQ

TO: MEMBERS OF AUDIT COMMITTEE (Quorum 3)

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

Geof Cooke
Kathy Levine
Arjun Mittra

Hugh Rayner
Peter Zinkin

Geraldine Chadwick
(Independent Member)
Richard Harbord
(Independent Member)

Substitute Members

Melvin Cohen
John Marshall

Eva Greenspan
Reema Patel

Anne Hutton
Alan Schneiderman

In line with the Constitution's Public Participation and Engagement Rules, requests to submit public questions or comments must be submitted by 10AM on the third working day before the date of the committee meeting. Therefore, the deadline for this meeting is Monday 31 October at 10AM. Requests must be submitted to Kirstin Lambert 020 8359 2177 kirstin.lambert@barnet.gov.uk

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

Andrew Charlwood – Head of Governance

Governance Service contact: Kirstin Lambert 020 8359 2177 kirstin.lambert@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	5 - 8
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.	Internal Audit Exception Recommendations and Progress Report Q2 - 1st July - 30th September 2016	9 - 70
8.	Corporate Anti-Fraud Team (CAFT) Q2 Progress Report: July - September 2016	71 - 82
9.	Audit Committee work programme	83 - 88
10.	Any item(s) the Chairman decides are urgent	

FACILITIES FOR PEOPLE WITH DISABILITIES

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Decisions of the Audit Committee

28 July 2016

Members Present:-

AGENDA ITEM 1

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

Councillor Geof Cooke
Councillor Kathy Levine
Councillor Arjun Mittra

Councillor Peter Zinkin
Councillor Hugh Rayner

Also in attendance

Richard Harbord (Independent Member)
Geraldine Chadwick (Independent Member)

Apologies for Absence

1. MINUTES OF LAST MEETING

RESOLVED - That the minutes of the meeting held on 19 April 2016 be approved as a correct record.

2. ABSENCE OF MEMBERS (IF ANY)

There were none.

3. DECLARATION OF MEMBERS' DISCLOSABLE PECUNIARY INTERESTS AND NON PECUNIARY INTERESTS (IF ANY)

Councillor Brian Salinger declared a non-pecuniary interest in item 7, Internal Audit Exception and Recommendations Report and Progress report to 30 June 2016, as he is Chairman of the governing body of Moss Hall Nursery School.

4. REPORT OF THE MONITORING OFFICER (IF ANY)

There was none.

5. PUBLIC QUESTION AND COMMENTS (IF ANY)

There were none.

6. MEMBERS' ITEMS (IF ANY)

There were none.

7. INTERNAL AUDIT EXCEPTION RECOMMENDATIONS REPORT AND PROGRESS REPORT UP TO 30 JUNE 2016

The Assurance Assistant Director introduced the report.

The Committee discussed the report and asked questions on the audits that received limited assurance. Representatives from PricewaterhouseCoopers who carried out audits on two of the limited assurance reports (ITDR planned technical recovery capability and Interim IT Disaster Recovery) were also in attendance to present those audits.

The Committee noted that the audits of ITDR planned technical recovery capability and Interim IT Disaster Recovery raised issues which it would be appropriate for Performance Contract Management Committee to consider in more depth, and could be brought the attention of that committee by the members of Audit Committee who also sit on who sit on Performance Contract Management Committee.

With regard to the follow up audit on Menorah Foundation School, the Committee requested assurance that the school's Governing Body was aware of the Chairman's advice that the school is going to take no further action regarding the unaudited Voluntary Funds accounts from 2012. It was noted that there should be evidence of this in the minutes of the Governing Body. The Assurance Assistant Director agreed to follow up with the school and relevant officers to establish that this has happened.

RESOLVED –

- 1. That the Committee note the work completed to date on the Internal Audit Annual Plan 2016-17 and progress against high priority recommendations.**
- 2. That the Committee approves the updated Internal Audit Charter.**

8. EXTERNAL AUDITOR'S REPORT UNDER INTERNATIONAL STANDARD ON AUDITING (ISA) 260 FOR THE YEAR 2015/16

The Chairman varied the order of the agenda to consider the External Auditor's Report under International Standard on Auditing (ISA) 260 for the year 2015/16.

The Assistant Director of Finance, CSG, introduced the report, which was presented by Jodie Etherington and Leigh Lloyd-Thomas, the external auditors from BDO.

The Interim Chief Executive and s151 officer agreed to provide the external auditors with information on the valuation for the purchase of the Abbots Depot, with any issues to be reported back to the Committee.

Following consideration of the report the Committee

RESOLVED –

- 1. That the Committee approve the audited Statement of Accounts 2015/16 and they be signed by the Chairman and the Interim Chief Executive and Statutory 151 Officer on behalf of the Council.**
- 2. That the matters raised by the external auditor relating to detailed aspects of the 2015/16 accounts audit be noted.**

3. **That the officer responses to matters raised by the external auditor be noted.**

9. CORPORATE ANTI-FRAUD TEAM Q1 PROGRESS REPORT: APRIL - JUNE 2016

The Assurance Assistant Director introduced the report.

It was noted that the reference to Mill Hill School on p.125 of the report should read Mill Hill County High School.

Officers agreed to follow up with the Planning enforcement team to clarify the process for ensuring that income from planning enforcement fines is received into the Council.

RESOLVED – That the Committee note the CAFT Progress Report covering the period 1st April 2016 – 30th June 2016 .

10. ANNUAL GOVERNANCE STATEMENT

The Assurance Assistant Director introduced the report.

It was noted that a correction was needed to the third bullet to note the relevant Accounts and Audit Regulations are from 2015 not 2006.

The Interim Chief Executive and s151 officer noted that for the future there would be a focus on how the promotion of Barnet Council's values, culture and ethos can be embedded in third parties contracted by the Council to deliver its services.

RESOLVED - That the Committee comment on and approve the Annual Governance Statement for inclusion within the Statement of Accounts for 2015/16.

11. ANNUAL REPORT OF THE AUDIT COMMITTEE

The Assurance Assistant Director introduced the report.

The Assurance Assistant Director agreed to add a section to the table under paragraph 2.5 of the report to include a summary of audit reviews fully implemented and partly implemented.

RESOLVED – That the Committee recommend Full Council to approve the Annual Report of the Audit Committee for 2015-2016 as an accurate record of the outcomes and work programme for the year.

12. AUDIT COMMITTEE WORK PROGRAMME

The Committee noted the work programme for 2016-17.


It was noted that a date error of 2015 in the table would be corrected to read 2016.

13. ANY ITEM(S) THE CHAIRMAN DECIDES ARE URGENT

There were none.

The meeting finished at 9.55 pm

AGENDA ITEM 7

	<p style="text-align: center;">Audit Committee 3rd November 2016</p>
<p style="text-align: center;">Title</p>	<p style="text-align: center;">Internal Audit Exception Recommendations and Progress Report Q2 1st July – 30th September 2016</p>
<p style="text-align: center;">Report of</p>	<p>Caroline Glitre, Head of Internal Audit</p>
<p style="text-align: center;">Wards</p>	<p>N/A</p>
<p style="text-align: center;">Status</p>	<p>Public</p>
<p style="text-align: center;">Urgent</p>	<p>No</p>
<p style="text-align: center;">Enclosures</p>	<p>Appendix 1 - Internal Audit progress report Q2 covering the period 1st July – 30th September 2016 Appendix 2 - IT Disaster Recovery Follow-Up audit Appendix 3 - Cross Council Assurance Service Annual Report 2016</p>
<p style="text-align: center;">Key</p>	<p>NO</p>
<p style="text-align: center;">Officer Contact Details</p>	<p>Caroline Glitre, Head of Internal Audit caroline.glitre@barnet.gov.uk 020 8359 3721</p>

Summary

Members are asked to note the progress against The Internal Audit Plan 2016-17 that was approved by the Audit Committee on the 19th April 2016.

As previously requested by the Committee, this report covers audit reports with limited or no assurance which are summarised into key messages with some detail.

Full copies of 'No' and 'Limited' Assurance audit reports are available on the Barnet website here:

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

The full IT Disaster Recovery Follow-Up audit report is included as Appendix 2, including the implementation status on previous recommendations raised.

The Cross Council Assurance Service, of which Barnet's Assurance Group is a member, has developed its 2016 annual report. This is included as Appendix 3.

Recommendations

- 1. That the Committee note the work completed to date on the Internal Audit Annual Plan 2016-17 and progress against high priority recommendations.**
- 2. That the Committee note the Internal Audit Follow-up Report - IT Disaster Recovery.**
- 3. That the Committee note the Cross Council Assurance Service (CCAS) Annual Report 2016.**

1. WHY THIS REPORT IS NEEDED

- 1.1 The Audit Committee's role in receiving this report is to note the progress made to date against the 2016-17 Internal Audit Plan. The report includes details of audit reports with 'limited' or 'no assurance' which are summarised into key messages with some detail along with the progress of implementation of previous high priority recommendations made. In addition, the Audit Committee can inquire of Directors and Assistants Directors (or equivalent grade) as to their progress against recommendations.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The Audit Committee approved the Internal Audit Plan 2016-17 in April 2016 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 2016-17 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 2015-2020, 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 Internal Audit Plan 2016-17 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, 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 11) - 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%208.pdf>

6.2 Audit Committee 21 September 2010 (Decision Item 7) – 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%203.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%204.pdf>

6.4 Audit Committee 19 April 2016 (Decision Item 9) – the Audit committee approved the Internal Audit and Anti-Fraud Strategy and Annual Plan 2016-17

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=144&MId=8416&Ver=4>

Appendix 1

Internal Audit

Progress Report 2016-17 – Quarter 2

Caroline Glitre, Head of Internal Audit

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1. Introduction

The Internal Audit Plan was approved by the Audit Committee on the 19th April 2016. As previously requested by the Committee, this report covers audit reports with limited or no assurance which are summarised into key messages with some detail.

2. Final Reports Issued

This report covers the period from 1st July 2016 to 30th September 2016 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 in relation to the 16/17 plan. In summary, the assurance ratings provided for reports issued in final were as follows:

Substantial ✓✓✓	1
Reasonable	8
Limited	1
No	-
N/A	3
Total	13

Table 1: Work completed during quarter 1 including assurance levels

	Systems Audits	Assurance	Number of findings by risk category				
			Critical	High	Medium	Low	Advisory
1	Insurance	Limited	-	1	3	1	-
2	ITDR- Follow up review	Reasonable	-	1	2	1	1
3	Direct Payments	Reasonable	-	-	3	4	2
4	Looked After Children- Virtual Schools	Reasonable	-	-	3	2	-
5	Re Operational Review Phase 1	Reasonable	-	-	5	1	-
6	Purchase Cards	Reasonable	-	-	4	2	-
7	Transformation projects- Adults Transformation Programme	Reasonable	-	-	4	-	-
8	Contract Management Toolkit	Reasonable	-	-	2	1	-

	Compliance-Parking						
	Transformation projects-Libraries	Substantial	-	-	-	1	-
Grants / Payments by Results							
10	Bus Subsidy Grant	N/A					
11	Troubled Families Grant	N/A					
12	Disabled Facilities Grant	N/A					
School Audits							
13	Hampden Way Nursery	Reasonable	-	-	5	-	-

The internal audit scoring framework has been included in **Appendix 1** for reference.

The summary detail of those reports issued as Limited or No assurance is included within section 3.

3. Key Findings from Internal Audit Work with No or Limited assurance

Title	Insurance
Audit Opinion	Limited Assurance
Date of report:	October 2016
Background & Context	<p>This review focussed on the design and operating effectiveness of controls in the following key areas to support the Council in ensuring it has effective insurance arrangements in place:</p> <ul style="list-style-type: none"> - Insurance strategy and arrangements ensure appropriate coverage and represent value for money; - Claims handling processes ensure that only appropriate claims are processed and liability for the claim and value of the claim are correct; - Arrangements are in place to ensure the appropriate assessment of contractor liability for claims where applicable; and - Arrangements are in place to ensure the reduction of claims.
Summary of Findings	<p>Overall the review identified that the service has a strong control environment to support the core claims handling process and no issues were identified in this area. The review did identify areas for improvement around how the Council interacts with contractors in ensuring that third parties have appropriate coverage in place and ensuring that contractors are accountable for claims relating to services provided on behalf of the Council. This is significant in light of the commissioning model adopted by the Council and the amount of services that are outsourced to third parties. We also identified improvements around the Council’s approach to claim reduction work where a more systematic approach to intervention is required. It is not clear that all is being done to maximise opportunities to improve procedures to reduce claims and save money through reduced excess payments and reduced premiums.</p> <p>This audit has identified one high, three medium and one low risk findings.</p> <p>We identified the following issues as part of the audit:</p>

Title	Insurance
	<ul style="list-style-type: none"> <li data-bbox="568 284 2103 826"> <p>• <u>Third party insurance arrangements- Contractor liability – (finding 1, high)</u> - There are no parameters in place to define when the insurance team should be consulted regarding specific insurance requirements as part of the commissioning process and undertake verification procedures to ensure that contractors / third parties have coverage in line with requirements. Although evidence was provided to demonstrate proactive involvement for certain large outsourcing contracts, at present consultation is reactive and there are insufficient mechanisms in place to ensure that the Insurance team is consulted when required. The Insurance Claims Process Manual does not define clearly that claims handlers should proactively consider contractor liability when processing claims. We identified instances where the principles of contractor liability were not fully agreed and understood at the outset resulting in claims not being forward to the contractor for recovery. The claims raised in relation to services provided by Re have not been referred to the contractor since contract inception and an agreement has not been reached to date regarding liability and responsibility for paying and processing claims. Where claims in relation to outsourced services are referred to the relevant contractor the Council is unable to obtain assurance over the quality of the claims handling and level of customer service provided by contractors in processing claims which could result in reputational damage.</p> <li data-bbox="568 868 2103 1091"> <p>• <u>Claims reduction - (finding 2, medium)</u> - The information presented to management currently by the insurance team does not enable delivery units to understand claims data and take action to reduce claims. Officers are currently unclear around how the data should be used and what they should be doing with it. There is not a systematic approach to proactive claims reduction work undertaken by the Insurance team. For example a forward plan is not in place that sets out a programme of proactive work informed by data analysis, formal actions plans are not created and agreed with departments and the impact of intervention is not quantified.</p> <li data-bbox="568 1133 2103 1324"> <p>• <u>Insurance Strategy - (finding 3, medium)</u> - The 2015 Insurance strategy had not been subject to formal Member/Member Committee approval and therefore key officer scrutiny / clearance under the Council's Governance arrangements. The Head of Insurance indicated that the last approval of the Insurance Strategy by Members had taken place in 2008 (Cabinet Resources Meeting 22 July 2008), a number of years prior to the adoption of the current commissioning model by the Council.</p>

Title	Insurance		
	<ul style="list-style-type: none"> • Performance Management - (finding 4, medium) - There is currently no formal performance management framework in place to assess the effectiveness of the Insurance function. We understand that this is in progress • Claims handling procedures - (finding 5, low) - Documented procedures were provided for claims handling, Insurance Claims Process Manual dated 8 August 2015 and the Property Handling procedures. The Senior Claims Handler indicated that they did not fully represent current practice and required updating. 		
Priority 1 agreed actions			
1. Third party insurance arrangements- Contractor liability			
Agreed actions <p>a) Parameters will be introduced and guidance included in procurement processes to ensure that contracts of a certain nature/value are reviewed by the insurance team to ensure that appropriate insurance provisions are included in the agreement and that third party insurance arrangements are verified. This is a corporate/Commercial risk and has been shared with the commercial team to ensure that commercial work with the insurance team to put in place the required contract processes, procedures and documentation.</p> <p>b) The assessment of liability, accepting liability or declining liability process in the Insurance Claims Process Manual will be updated to include details and prompts around the determination of contractor liability for insurance claims</p> <p>c) For outsourcing arrangements / contracts management will clarify with them when respective parties will be liable and this should be understood and applied by the claims handling team. We will develop a clear register of in/out sourced services linked to underwriting records and claims procedures.</p> <p>d) Contractors processing claims in relation to services provided on behalf of the Council will be</p>	Responsible Officer <p>a-d) Head of Insurance e) Commissioning Director, Environment</p>	Deadline <p>31 December 2016</p>	

Title	Insurance	
<p>made aware of the Council's expected standards for claims processing.</p> <p>e) An agreement regarding liability and payment for claims in relation to services provided by Re will be progressed and resolved.</p>		

4. Follow up reviews

Internal Audit Information Technology Disaster Recovery

See report attached as Appendix 2.

5. Work in progress

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

Table 2: Work in progress		
	Systems Audits	Status
1	Re Invoicing	Draft report
2	Key Financial Systems (Continuous Audit Monitoring): <ul style="list-style-type: none"> • Accounts Payable • Accounts Receivable • General Ledger • Schools Payroll • Council Tax • NNDR • Housing Benefits 	Draft report
3	Re Operational Review Phase 2	Fieldwork in progress
4	Contract Management Toolkit Compliance – Mortuaries	Fieldwork in progress
5	Review of SPIRs process	Fieldwork in progress
6	Parks & Green Spaces - Health & Safety	Fieldwork in progress
7	Statutory Complaints	Fieldwork in progress
8	Education ADM	Fieldwork in progress
8	Review of Barnet Group Internal Audit Plan and Reports	Planning

9	SWIFT to Mosaic Data Migration	Planning
10	IT Change Management follow up- Phase 2	Planning
11	IT Risk Diagnostic	Planning
12	No Recourse to Public Funds	Planning
13	Catering Traded Service	Planning
14	Estates Health and Safety	Planning
	Schools reviews	
15	Frith Manor	Draft Report
16	Summerside	Draft Report

6. Implementation of Internal Audit recommendations

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

Audit Title, Date and Recommendation	Deadline and Responsible Officer(s)	Outcomes of previous audit follow-up assessments	Audit follow-up assessment (30 September 2016)
<p>1. Grant Income</p> <p>June 2015</p> <p>Grant Identification</p> <p>Roles/arrangements for proactively identifying grant opportunities should be implemented.</p> <p>a) We suggest that roles for pro-</p>	<p>1 September 2015</p> <p>Assistant Director of Finance (CSG)</p> <p>Operations Director (CSG)</p> <p>Supported by</p>	<p>Previously we followed up and reported:</p> <ul style="list-style-type: none"> Q1, 2016/17 – The recommendation was considered Partly Implemented as the following remained outstanding: <p><i>Evidence of implementation of the agreed process for the</i></p>	<p>Partly Implemented</p> <p>Pro-active scanning - CSG Finance have not searched/scanned for external grants for communication to Delivery Unit representatives where potential external grants have been identified.</p> <p>Related records - External Grant Opportunity forms including the decision by the Delivery Unit as to whether to apply for the grant - had not been completed where applicable by Delivery Units.</p>

Audit Title, Date and Recommendation	Deadline and Responsible Officer(s)	Outcomes of previous audit follow-up assessments	Audit follow-up assessment (30 September 2016)
<p>actively identifying grants could be undertaken as part of existing structures as follows:</p> <p>(i) Delivery Units together with their Commissioning Directors should consider the options available, including the possibility of a dedicated team/officer for pro-actively identifying grants depending on resources / the significance of grants available in that area.</p> <p>(ii) Service area leads pro-actively identify grants in their area. Local business improvement / performance teams challenge for proactive identification, undertake proactive reviews themselves and co-ordinate related reporting of horizon scanning outcomes as part of their local performance management arrangements.</p> <p>(iii) CSG service areas: Senior Responsible Officers (SROs) client-side at the Council pro-actively identify grants in their CSG responsibility areas or arrange for CSG Capita leads to undertake this role, with SRO monitoring CSG</p>	<p>Director of Resources (LBB)</p>	<p><i>routine pro-active scanning for income grants by Delivery Units was not evident at the date of the follow-up.</i></p> <p><i>When we are able to evidence the routine pro-active scanning for income grants across Delivery Units in line with Management Agreements and the completion of the relevant templates in the required format, we will be able to move the status to implemented.</i></p> <ul style="list-style-type: none"> • Q4, 2015/16 – The recommendation was considered Partly Implemented as the following remained outstanding: <p><i>Evidence of implementation of the agreed process for the routine pro-active scanning for income grants by Delivery Units was not evident at the date of the follow-up. Since implementation of the new process for identifying grants</i></p>	<p>The Assistant Director of Finance (CSG) recognised that a process for scanning for grants and escalation to Delivery Units, where applicable, needed to be put in place.</p> <p>Agreed actions for full implementation:</p> <p>CSG will re-subscribe to the Grant Finder system. The system will be interrogated on a weekly basis and services notified of relevant grants.</p> <p>Potential grants will be added as a standing agenda item within the monthly finance report going to SMT meetings.</p> <p>Revised implementation date: 30 December 2016</p>

Audit Title, Date and Recommendation	Deadline and Responsible Officer(s)	Outcomes of previous audit follow-up assessments	Audit follow-up assessment (30 September 2016)
<p>identification activity.</p> <p>b) Eligible grants identified should be formally documented and reported to Senior Management to ensure that grant identification processes are undertaken routinely and that senior management are involved in the decision making process. This could form part of Senior Management Team (SMT) standing agendas.</p> <p>c) All eligible grants for which applications will not be submitted should be reported to the Commissioning Group's Head of Finance sufficiently in advance of application deadlines, 5 working days as a minimum, to consider whether decisions not to apply were appropriate and challenge as necessary.</p>		<p><i>only one form had been received by CSG from the Street Scene Delivery Unit for their review and scrutiny.</i></p> <p><i>Management Agreements for 2016-17 were still in the process of being drafted. We were informed that the responsibility for identifying grants would be included in the Management Agreements. Wording for inclusion in the Management Agreements defining the responsibility for horizon scanning had been agreed at 31 March 2016.</i></p> <p><i>When we are able to evidence the routine proactive scanning for income grants across Delivery Units in line with Management Agreements and the completion of the relevant templates in the required format, we will be able to move the status to implemented.</i></p>	

Audit Title, Date and Recommendation	Deadline and Responsible Officer(s)	Outcomes of previous audit follow-up assessments	Audit follow-up assessment (30 September 2016)
<p>2. Procurement Compliance with Contract Procedure Rules</p> <p>November 2015</p> <p>Contracts Register - Re</p> <p>We would suggest that:</p> <ul style="list-style-type: none"> - periodic reconciliations between vendor spend analysis reports and contract registers are undertaken by officers responsible for contract registers to ensure that they are complete <p>Accuracy checks be undertaken to ensure that contractual data is correct for example:</p> <ul style="list-style-type: none"> - vendor name, - contract value/purchase order value if below £10k, - contract term, - end date, - expiry date, - last DPR/Committee Report reference, and - DPR/Committee Report date if above £10k 	<p>1 March 2016</p> <p>Commercial Manager - Re / Customer and Support Group (CSG)</p> <p>Re Operations Director</p>	<p>Previously we followed up and reported:</p> <ul style="list-style-type: none"> • Q1, 2016/17 – The recommendation was considered Partly Implemented as the following remained outstanding: <p><i>The officer responsible for implementation has engaged with CSG Procurement (central), Re Finance and Re Service Managers to produce an up to date Re Contracts Register. Implementation is therefore still in progress. We have provided advice to the officer responsible to expedite implementation</i></p>	<p>Partly implemented</p> <p>The Re officer responsible for implementing this recommendation has changed since the follow-up in Q1. The new responsible officer has gathered contract information and vendor spend from the relevant Re Service area managers and has updated the Re Contracts Register.</p> <p>However, the information provided was only for spend of £10k and above. As per the Council's Contract Procedure Rules (CPRs) there is a requirement to include all contractual relationships above £10k therefore there is a piece of additional work still to be undertaken.</p> <p>Agreed action for full implementation: Update the Re contract register to include all contractual relationships between £5k and £10k to comply with the Council's CPRs.</p> <p>Revised implementation date: 30 Nov 2016</p>

<p>3. Accounts Payable</p> <p>December 2015</p> <p>New Supplier Forms</p> <p>b) A clear timetable should be agreed between the Council and CSG for the introduction of the e-form workflow system within Integra.</p>	<p>April 2016</p> <p>Head of Exchequer (CSG)</p> <p>Operations Director (CSG)</p>	<p>Previously we followed up and reported:</p> <ul style="list-style-type: none"> Q1, 2016/17 – The recommendation was considered Partly Implemented as the following remained outstanding: <p>Management indicated that an e-form for new suppliers has been developed and was undergoing final end user testing. The form is expected to be rolled out within the next month</p> <p>Revised implementation date: 19 August 2016.</p>	<p>Partly implemented</p> <p>The supplier e-form is in the process of being tested by Integra User Group members, following which it will be rolled out to all users.</p> <p>Agreed action for full implementation: The supplier e-form will be rolled out to all users incorporating any changes required from the testing phase.</p> <p>Revised implementation date: 1 November 2016</p>
<p>4. Street Scene Operations Review (Joint Internal Audit & CAFT review)</p> <p>November 2015</p> <p>Risk Management (CCTV and Mill Hill depot site security)</p> <p>d) Spot checks of vehicles entering and leaving the site should be introduced as should increased site patrols.</p>	<p>November 2015</p> <p>Acting Facilities Manager (CSG)</p> <p>Operations Director (CSG)</p> <p>Head of Estates (LBB)</p>	<p>Previously we followed up and reported:</p> <ul style="list-style-type: none"> Q1, 2016/17 – The recommendation was considered Partly Implemented as the following remained outstanding: <p>No further action since the last follow-up. Spot checks of</p>	<p>Partly Implemented</p> <p>As per management, although vehicle spot checks are yet to be introduced currently there are some other control measures in place to reduce the risk of theft from site:</p> <ul style="list-style-type: none"> There is a fuel management system in place for over 10 years named Merridale. It ensures that fuel cannot be withdrawn without a fuel key as well as issuing a date stamp for each transaction with the vehicle fleet number,

		<p>vehicles entering and leaving the Mill Hill Depot site are still not done.</p> <p>Further Action: The Acting Facilities Manager, CSG will contact the Head of Estates for his initial approval for spot checks. Once agreed, The Acting Facilities Manager, CSG will ensure the message is passed onto managers operating at Mill Hill Depot and inform them this message needs to be cascaded to staff. Spot checks will commence from Monday 1 August 2016 following communication of requirements to service managers.</p> <p>Revised Implementation Date: 1 August 2016</p> <ul style="list-style-type: none"> • Q4, 2015/16 – The recommendation was considered Partly Implemented as the following remained outstanding: <p>Site patrols are undertaken and records of site patrols are maintained. These were</p>	<p>vehicle registration and the amount of fuel delivered. The fuel key is logged against a vehicle and no fuel can be drawn unless the correct mileage is inputted.</p> <ul style="list-style-type: none"> • CCTV cameras have been redirected so they are facing the fuel tank in order to ensure any unauthorised access can be seen. In addition Security Officers have been instructed to patrol the fuel area whenever this is in use, which will also act as a deterrent. • Furthermore, in February 2016, the patrol ratio for security officers patrolling the whole depot was increased from one an hour to every 30 minutes. • As of summer 2016, we have further enhanced the security policy at this site to ensure that identification is checked upon entry and that visitors are escorted throughout the site. Since this improvement there have been no reported problems or evidence of theft or unauthorised visitors on site. <p><u>Implementation of vehicle checks</u></p> <p>It was first planned to implement vehicle spot checks at the start of June 2016 however once security were instructed to begin at the first pre-implement meeting it was raised that there</p>
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		<p>inspected and showed Mill Hill depot site patrols being undertaken during the day and night. The entry and exit of non-Mill Hill Depot staff is controlled and monitored by security operating at the guard house at the entrance to the Mill Hill depot site.</p> <p>Spot checks of vehicles entering and leaving the site to mitigate the risk of illegal substances being brought onto the site or theft from Mill Hill depot are not yet undertaken as envisaged.</p> <p>Once all necessary formalities have been implemented and checks have started, the recommendation will be regarded as implemented.</p>	<p>was more to the issue than just proceeding with the spot checks. Several other issues were identified and these needed to be actioned before installation, for example:</p> <ul style="list-style-type: none"> ➤ Legal documents would need to be reviewed and signed off in the form of search procedures and staff disclaimers ➤ Clear procedures would need to be implemented for visitors ➤ Extensive training was required for Security Officers to enable them to search vehicles and individuals correctly ➤ Additional resources in terms of additional Security Officers would be required to act as witness. Plus there is a requirement for both male and female Security Officers. ➤ PPE would need to be purchased such as gloves, wands, mirrors, evidence bags etc. ➤ Senior Management, staff and Union engagement was required to ensure the changes were communicated and accepted. ➤ Consideration needed to be taken on
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			<p>board over the possibility of delays to services and SLA's</p> <p>Dialogue with the key stakeholders at Mill Hill Depot is now underway. There will be a cost associated to all of the items listed, all of which will be presented back to LBB Head of Estates for approval once quantified.</p> <p><u>Risk management</u></p> <ul style="list-style-type: none"> ➤ As this matter needs to be dealt with the utmost sensitivity and consideration of all staff, we will need to engage with the Union officials and staff in order to avoid fuelling any potential unrest. ➤ This outstanding action has already taken up to a year and is likely to continue into the new year before it can be fully implemented. The main factor is that this it is subject to approval from many levels and resources. ➤ To carry out a thorough vehicle check it can take as long as 30 minutes and in some cases causing disruption and delays to Council services and local SLA's. This could cause a reputational risk to some services so the final searching solution may need to be a
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			<p>compromise.</p> <p>Agreed action for full implementation: Unions to be consulted and key Mill Hill depot stakeholders to agree any proposed new arrangements.</p> <p>Cost of new arrangements to be quantified and agreed with the Council's Head of Estates by the end of December 2016.</p> <p>Any agreed new arrangements to be introduced by the end of 2016/17.</p> <p>Revised implementation date: 31 March 2017</p>
<p>5. Schemes of Delegation</p> <p>February 2016</p> <p>Changes to standing data</p> <p>a) A report of changes to financial limits on Integra should be built and made available for staff use.</p> <p>b) A report of changes to financial limits on Integra should be run on a regular basis (at least quarterly). This report should be reviewed by</p>	<p>30 April 2016</p> <p>Assistant Director of Finance, CSG</p> <p>Operations Director, CSG</p>	<p>Previously we followed up and reported:</p> <ul style="list-style-type: none"> Q1, 2016/17 – The recommendation was considered Partly Implemented as the following remained outstanding: <p>Management indicated that an audit tool which tracks all amendments to users' access is available within the system. A report is now being developed to extract that information. The report will be</p>	<p>Partly implemented</p> <p>A report has been developed and going forward will be run and reviewed on a monthly basis.</p> <p>Agreed action for full implementation: Report of changes to financial limits on Integra to be run and reviewed on a monthly basis.</p> <p>Revised implementation date: 1 November 2016</p>

<p>a member of the Integra Finance Team to monitor the updates to limits and check limits correctly reflect changes to staff roles.</p>		<p>run and reviewed on a monthly basis with effect from 1 September</p> <p>Revised implementation date: 1 September 2016.</p>	
<p>6. Customer Support Group (CSG) – Invoicing and Monitoring Arrangements</p> <p>February 2016</p> <p>Contract monitoring – assurance activities</p> <p>a) Management should undertake an exercise to understand the key controls in place within each of CSG’s core processes. This could be achieved through review of the appropriate policy and procedure documents.</p> <p>b) Management should assess and document whether the controls in place are sufficient to mitigate the Council’s key operational risks.</p> <p>c) Any control gaps identified in the first line of defence should be raised with Capita and where appropriate processes should be</p>	<p>Q2 2016/17</p> <p>Director of Commercial (LBB)</p> <p>Director of Resources (LBB)</p>	<p>Not applicable – this is our first assessment of progress</p>	<p>Partly implemented:</p> <p>The roles of commercial, finance and the SROs have been considered at a senior management workshop. A roles and responsibilities document, defining the roles of the Commercial team and SROs, has been drafted by the Director of Resources and is being agreed between the two teams.</p> <p>The Commercial team have recruited additional staff who can now support the three lines of defence model, for example developing a “deep dive” KPI/PI audit strategy, undertaking those deep dives and managing risks on an ongoing basis.</p> <p>Since the time of the audit there has been a review of the Council’s risk management arrangements which included a complete update of the corporate risk register and associated CSG risks.</p> <p>Management confirmed that the overall governance of the CSG contract is being considered as part of the Year 3 Contract Review and that results from all the work completed to date - as well as the review - will feed into the lines of defence model with a revised version to be finalised in January 2017.</p>

amended accordingly.

d) Management should review and update the assurance framework document to ensure inclusion of the identified first line of defence activities. All key Second and Third line activities should also be recorded, including detailing the officers with the core roles and responsibilities in relation to them.

e) Management should review the activities on the assurance map to ensure there is sufficient flow of information between the first, second and third lines of defence to allow the Council to promptly identify issues with any of the key delivery risks.

f) Management should then consider whether the information available through the three lines of defence is sufficient to provide senior management with assurance that the key strategic risks are mitigated.

g) Once reviewed, the three lines of defence map should be signed off by senior stakeholders including all SROs, the Director of Resources, the relevant Contract

Agreed actions for full implementation:

- Roles and Responsibilities document to be applied in practice by the Commercial team and SROs.
- Further work to be undertaken to document the first line of defence i.e. the controls operating within CSGs core processes (e.g. accounts payable, IT, etc) and for the Council to confirm these are sufficient.
- Three Lines of Defence document to be fully updated by Partnership Relationship Manager and signed off by senior stakeholders including all SROs, the Director of Resources, the relevant Contract Managers, the Commercial Director, the Chief Operating Officer and the Chief Executive.
- Three Lines of Defence document to be applied in practice.

Revised implementation date: 31 March 2017

Managers, the Commercial Director and the Chief Operating Officer.			
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Implemented recommendations

The following recommendations that had previously been raised as a priority one have been reviewed and are now considered implemented.

Audit Title, Date and Recommendation
1. Better Care Fund (BCF) and Section 75 (S75) agreement review- December 2015- Section 75 agreement formalities
2. Better Care Fund (BCF) and Section 75 (S75) agreement review- December 2015- Pooled fund reporting and governance structure (Financial and performance)
3. Better Care Fund (BCF) and Section 75 (S75) agreement review- December 2015- Pooled fund/Budget
4. Schemes of delegation- February 2016- Commissioning and Delivery Units (RE)
5. Schemes of delegation- February 2016- Commissioning and Delivery Units (Street Scene)
6. Contract Management - Registrars Inter-Authority Agreement – March 2016 – Risk and Issue Management
7. Parking Permit Administration- June 2016- Roles and responsibilities
8. Establishment list - June 2016 - Changes to the establishment list (CSG HR)
9. Brookhill Nursery - June 2016 – Income
10. Brookhill Nursery - June 2016 – Payroll

7. Internal Audit effectiveness review

Performance Indicator	Target	End of Quarter 2
% of plan delivered	48%*	30%
Number of reviews due to commence vs. commenced in quarter	95%	100%
% of reports year to date achieving: <ul style="list-style-type: none"> • Substantial • Satisfactory / Reasonable • Limited • No Assurance • N/A 	N/A	7% 50% 13% - 30%
Number / % of Priority 1 recommendations: <ul style="list-style-type: none"> • Implemented • Partly implemented • Not implemented in quarter when due	90%	63% 37% 0%

* Based on 95% complete of those due in quarter.

Key:

Target met
Target not met
N/A

Implementation of internal audit recommendations – as per section 7 above, the progress of the 16 high priority recommendations due for implementation in quarter 2 is that 63% of recommendations have been fully implemented compared to a target of 90%. 37% have been partly implemented.

A summary of the status is as follows:

Status	Number	%
Implemented	10	63%
Partly Implemented	6	37%
Not implemented	0	0%
Total	16	100

8. Changes to our plan

Since the Internal Audit Plan was agreed in April 2016 there have been changes to audits originally planned for Q2 as follows:

Type	Audit Title	Reasons
Deferred	DLO audit	Deferred to Q4 2016/17 in light of ongoing considerations around the restructuring of the service and operating model.
Deferred	SWIFT to MOSAIC data migration	Deferred to Q3 2016/17 due to further delays with the Investing in IT project.
Deferred	IT Risk Diagnostic	Deferred to Q3 due to the prioritisation of follow up work around ITDR and IT Change Management.

9. Risk Management

The performance report for Quarter 1 2016/17 was presented to the Performance and Contract Monitoring Committee on 6th September 2016 and can be found via the link below:

<http://barnet.moderngov.co.uk/documents/g8795/Public%20reports%20pack%2006th-Sep-2016%2019.00%20Performance%20and%20Contract%20Management%20Committee.pdf?T=10>

Appendix J to the report is the Quarter 1 corporate risk register.

As highlighted in the Quarter 1 update the Interim Chief Executive has commissioned a thorough review of the risk management across the organisation. This review provided a timely opportunity to put the organisation's approach to risk management under closer scrutiny, especially from Members, providing an opportunity to reflect again on current practice and implement more extensive improvements and changes to our Council-wide approach.

The output of the exercise will be presented at the November Performance and Contract Monitoring Committee.

Appendix 1: Definition of risk categories and assurance levels

Findings rating	Description
<p>Critical</p> <p>40 points per finding</p>	<p>Immediate and significant action required. A finding that could cause:</p> <ul style="list-style-type: none"> • Life threatening or multiple serious injuries or prolonged work place stress. Severe impact on morale & service performance (eg mass strike actions); or • Critical impact on the reputation or brand of the organisation which could threaten its future viability. Intense political and media scrutiny (i.e. front-page headlines, TV). Possible criminal or high profile civil action against the Council, members or officers; or • Cessation of core activities, strategies not consistent with government's agenda, trends show service is degraded. Failure of major projects, elected Members & Senior Directors are required to intervene; or • Major financial loss, significant, material increase on project budget/cost. Statutory intervention triggered. Impact the whole Council. Critical breach in laws and regulations that could result in material fines or consequences.
<p>High</p> <p>10 points per finding</p>	<p>Action required promptly and to commence as soon as practicable where significant changes are necessary. A finding that could cause:</p> <ul style="list-style-type: none"> • Serious injuries or stressful experience requiring medical many workdays lost. Major impact on morale & performance of staff; or • Significant impact on the reputation or brand of the organisation. Scrutiny required by external agencies, inspectorates, regulators etc. Unfavourable external media coverage. Noticeable impact on public opinion; or • Significant disruption of core activities. Key targets missed, some services compromised. Management action required to overcome medium-term difficulties; or • High financial loss, significant increase on project budget/cost. Service budgets exceeded. Significant breach in laws and regulations resulting in significant fines and consequences.
<p>Medium</p> <p>3 points per finding</p>	<p>A finding that could cause:</p> <ul style="list-style-type: none"> • Injuries or stress level requiring some medical treatment, potentially some workdays lost. Some impact on morale & performance of staff; or • Moderate impact on the reputation or brand of the organisation. Scrutiny required by internal committees or internal audit to prevent escalation. Probable limited unfavourable media coverage; or • Significant short-term disruption of non-core activities. Standing orders occasionally not complied with, or services do not fully meet needs. Service action will be required; or • Medium financial loss, small increase on project budget/cost. Handled within the team. Moderate breach in laws and regulations resulting in fines and consequences.
<p>Low</p> <p>1 point per</p>	<p>A finding that could cause:</p> <ul style="list-style-type: none"> • Minor injuries or stress with no workdays lost or minimal medical treatment, no impact on staff morale; or • Minor impact on the reputation of the organisation; or

finding	<ul style="list-style-type: none"> • Minor errors in systems/operations or processes requiring action or minor delay without impact on overall schedule; or • Handled within normal day to day routines; or • Minimal financial loss, minimal effect on project budget/cost.
Advisory 0 points per finding	An observation that would help to improve the system or process being reviewed or align it to good practice seen elsewhere. Does not require a formal management response.

Level of assurance	Description
No 40 points or more	There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.
Limited 18– 39 points	There are a number of significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are High recommendations indicating significant failings. Any Critical recommendations would need to be mitigated by significant strengths elsewhere.
Reasonable 7– 17 points	An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are Medium priority recommendations indicating weaknesses but these do not undermine the system's overall integrity. Any Critical recommendation will prevent this assessment, and any High recommendations would need to be mitigated by significant strengths elsewhere.
Substantial ✓✓✓ 6 points or less	There is a sound control environment with risks to key service objectives being reasonably managed. Any deficiencies identified are not cause for major concern. Recommendations will normally only be Advice and Best Practice.

DRAFT - Internal Audit Report

IT Disaster Recovery

October 2016

To: Jenny Obee, Head of Information Management
Brett Holtom, ICT Director (CSG)
Kim Fletcher, Service Delivery Manager (CSG)

Copied to: Paul Williams, Enterprise Services (CSG)
Neal Silverstein, IT Contract Manager
Stephen Evans, Chief Operating Officer

From: Clair Green, Assurance Assistant Director

We would like to thank management and staff for their time and co-operation during the course of the internal audit.

Executive Summary

Assurance level	Number of recommendations by risk category				
Reasonable	Critical	High	Medium	Low	Advisory
	-	1	2	1	1
Scope					
<p>The scope of our work was to assess:</p> <ul style="list-style-type: none"> • The ITDR capability in place to meet Capita Customer Services Group (CSG) contractual requirements, in terms of the deployed technology and recovery processes in place. • The method, process and controls employed to validate the ITDR capability through testing. • The method process and controls employed in maintaining the ITDR capability as the Council adds new services and as existing ones are updated. 					
Summary of findings					
<p>Capita have recently completed an IT Disaster Recovery (ITDR) project, as part of a wider technology transformation project, aimed at meeting its contractual recovery obligations. The scope of the project included:</p> <ul style="list-style-type: none"> • The implementation of ITDR technical recovery capability at a secondary datacentre, that is capable of recovering operable contracted IT services within Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO). • The testing of new capability to demonstrate that IT services under contract can be recovered. • The development of comprehensive ITDR recovery plans and supporting documentation. • Transferring the management of the capability into Business As Usual (BAU) IT operations. <p>The programme has been reviewed by Internal Audit twice previously and a number of observations were made that both Capita and council officers have committed to resolve.</p> <p>Since the last update, CSG have undertaken a lot of work in preparing the ITDR capability in preparation to transfer it to Business As Usual (BAU) operation. Whilst this is yet to complete, the current technical capability, planning and project testing demonstrate that in the event of a disaster there is a high probability that services could be recovered within their designed capability.</p> <p>Management have recently (September 2016) completed their ITDR re-baselining exercises to confirm the recovery Tier for all applications within scope. The output of this has been passed to CSG who are in the process of assessing the impact of moving IT services between recovery Tiers on the current technical provision.</p>					

Management are also engaged with CSG to resolve the issue raised in the last update with respect to the discrepancy between the contracted data recovery capability of Tier 2 IT services and capability that has actually been provisioned.

This audit has identified 1 high, 2 medium, 1 low risk and 1 advisory finding. The high risk finding is:

- **The CSG contract only supports IT service recovery during business hours** - The wider contract with CSG only covers business hours between 8am to 6pm in the working week, excluding bank holidays and weekends. If a disaster occurred out of hours CSG are not obliged to start recovery until 8am the next business day, even if the IT service has a 2 hour Recovery Time Objective (RTO). Additionally for those that have longer RTO's, i.e. the Tier 2 IT services with 48 hours, the recovery would potentially stop and start if the recovery actions exceeded the contracted hours, again taking longer than expected. From a business impact perspective, if a disaster happened out of hours, it would mean that critical Barnet functions would be without the services far longer than expected and may cause a material impact to the council as services to the public would be interrupted. This would particularly impact any function that work out of hours and that rely on a Tier 1 service with an RTO of 2 hours.

The medium risk findings are:

- **IT Disaster Recovery plans are not complete and its invocation and mobilisation processes are not defined sufficiently:** - Whilst technical ITDR plans are complete for Tier 1 IT services, the plans for Tier 2 are not complete. Instead there is generic guidance on how to recover a system from back-up, rather than the specifics on each Tier 2 system and the order they are supposed to be recovered in. Additionally the processes to invoke the ITDR capability are not clear, particularly with respect to the transition of responsibility from the business as usual major incident management process to the IT Business continuity plan and the mobilisation of central CSG resources, who are essential for the execution of the recovery. The impact is that without sufficiently detailed plans or clear mobilisation and invocation processes, the overall recovery may be delayed with IT services being recovered later than expected, which could cause a material impact to the business dependant on what council public services were affected.
- **A full ITDR test has not been carried out** - Whilst project testing has been executed, a full ITDR test has not been carried out. Management has agreed the scope of the test that will be executed following the transfer of the programme to business as usual, which whilst more comprehensive is not a full test. We understand, given the technical setup that executing a full test may not be feasible. The risk is that without a comprehensive testing programme that the recovery will not operate as planned when needed, which could lead to IT services being recovered later or in a state that cannot support the council. The impact would be that council functions would not be able to function and this could materially impact the provision of public services.

Appendix 6 contains updates from previous actions associated with ITDR. Progress has been made on the majority of outstanding observations.

2. Findings, Recommendations and Action Plan

Ref	Finding	Risks	Risk category	Agreed action
1.	<p>The CSG contract only supports IT service recovery during business hours. (Control design)</p> <p>The current CSG contract for all IT services only covers the hours of 8am to 6pm during the week and excludes bank holidays.</p> <p>IT services with ITDR capability at Barnet are split into two tiers. Tier one services have an Recovery Time Objective (RTO, the time from invocation the IT service has operational) of two hours and hours and a 1 hour Recovery Point Objective (RPO, permanent data-loss, i.e. if a system with an RPO of 1 hour fails at 1300 it will be brought back the in state it was at 1200, with an hours permanent data loss). Tier two IT services have an RTO of 48 hours and an RPO of 24 hours.</p> <p>If an incident happens out of hours, CSG would not be obliged to start recovery until 8am the next day. Additionally, if recovery had started, for example, at 4.30pm, recovery would stop at 6pm and re-start at 8am. In a Tier two service case, as the RTO is 48 hours, this potentially could extend the recovery over several days.</p> <p>Whilst CSG may choose to conduct the recovery anyway, they are under no obligation to do so contractually and the central resources that the local team relies on may also be prioritised to clients who have 24 by 7 cover.</p> <p>It should be noted that whilst the general CSG contract does specify the support hours, the ITDR section</p>	<p>If a disaster occurs out of hours IT services will not be recovered to their RTO. The risk is that teams that work out of hours may not be able to operate and will not be able to provide the service are required to, to the public.</p>	<p>High</p>	<p>Agreed Action:</p> <p>a) Discussions have been taking place with CSG about extended out of hours support, and extended DR provision for critical services will be added into these proposal discussions. The target to resolve this is by the end of January 2017. The Council will undertake a risk assessment exercise to determine what services require out of hours DR support.</p> <p>Responsible officer:</p> <p>Jenny Obee, Head of Information Management</p> <p>Brett Holtom, ICT Director (CSG)</p> <p>Target date:</p> <p>31 January 2017</p>

Ref	Finding	Risks	Risk category	Agreed action
	<p>where RTO's are stated does not have any commentary on the impact of support hours on recovery timelines.</p> <p>We understand that management and CSG are in discussion with respect to increasing some elements of support to 24 by 7 cover.</p>			
2.	<p>IT Disaster Recovery plans are not complete and Invocation and mobilisation processes are not defined sufficiently (Control design)</p> <p>IT services that have ITDR capability are now split into two tiers. Tier 1 IT services have an RTO of two hours and an RPO of one hour.</p> <p>Tier 1 ITDR technical recovery provision is based replicating data to the ITDR site and failing over the services using a tool called Site Recovery Manager (SRM) to prepared IT infrastructure, and is a relatively simple operation.</p> <p>Tier 2 IT services as provisioned have an RTO of 48 hours and an RPO of 24 hours. Tier 2 recovery technical provision is from the last available back-up, which may be up to 24 hours old, hence the RPO, which is then recovered to IT infrastructure in the recovery datacentre.</p> <p>The technical recovery plans currently only cover the Tier 1 IT service recovery steps in significant detail, which would allow for easy coordination and execution.</p>	<p>If sufficiently detailed plans are not in place to support the recovery of Tier 2 IT services then the risk is that they may not be recovered in time or in a suitable operable state.</p> <p>If the manner in which MIM passes over to ITDR and then the processes to invoke and secure resources are not clear then there is a risk that recovery will be delayed, which may lead to Tier 1 IT services, in particular, missing their recover times.</p> <p>In both cases there is a risk of material impact to the council as key IT services may not be available in the agreed recovery time to enable its</p>	Medium	<p>Agreed Action:</p> <ul style="list-style-type: none"> a) The flight manual is to be updated to include a repeatable process for each Tier 2 IT service following an order of recovery. b) The IT Business Continuity plan will be updated so that it clearly reflects how MIM transfers responsibility to it with respect to the incident in terms of responsibility and managing any groups or communication that MIM may have setup or started. c) The IT Business Continuity plan will be updated so that it clearly states, how and when it stands up the recovery team detailed in the ITDR technical plan.

Ref	Finding	Risks	Risk category	Agreed action
	<p>The recovery plans do not currently cover the specific steps or order that Tier 2 IT services will be recovered, in the event of a disaster. Instead there are generic instructions on how to apply a back-up. Management and CSG are aware of this issue and intend to address it once the revised list of Tier 2 IT services has been formally agreed.</p> <p>In the event of a major incident, including a disaster, the initial stages will be managed by CSG's Major Incident Management process (MIM). The objective of this process is to quickly understand the incident, mobilise the correct technical teams, which can be a mix of on-site and central CSG technical resources, and then manage the incident to conclusion within four hours. If the incident required requires the invocation of ITDR, the IT Business Continuity plan is then used to invoke recovery and then over manage the recovery detailed in the ITDR technical plan.</p> <p>Whilst there are links between the MIM process and the IT Business Continuity plan, they are not clear as to how one transitions into another, in terms of coordination. Additionally, whilst the ITDR technical plan specifies the types of resources it requires to execute the plan, it and the IT Business Continuity plan do not specify when and who secures them, as they come in the majority from the CSG central teams who are based off site and support multiple clients.</p>	<p>functions to operate key public services.</p>		<p>Responsible officer: Brett Holtom, ICT Director (CSG)</p> <p>Target date: 28th October 2016</p>

Ref	Finding	Risks	Risk category	Agreed action
3.	<p>A full ITDR test has not been carried out (Control design)</p> <p>As part of the ITDR project, CSG has carried out unit tests on different aspects of the technical recovery, most notably for SRM and demonstrating that virtual servers can be moved between sites. These tests were controlled adequately, with defects being identified and then scheduled for resolution.</p> <p>The Council and CSG have discussed the scope of the ITDR test, which currently involves moving a number of services to the secondary site and operating them there for its duration. Whilst this is useful test, it does not test an en-masse recovery (where everything is tested together), however we understand that as infrastructure is shared with other clients, isolating the second datacentre for a test is not possible.</p>	<p>If ITDR processes and technical capability are not tested sufficiently then there is a risk that if there is a disaster ITDR enabled services may not be recovered This could materially impact the council as IT services may not be available in the agreed recovery time to enable its functions to operate key public services.</p>	<p>Medium</p>	<p>Agreed Action:</p> <p>In absence of an en-masse test the test regime will consist of the following on an ongoing basis:</p> <ul style="list-style-type: none"> a) Execute the agreed test. b) Run SRM tests on a quarterly basis. c) Conduct table table-top walkthroughs of the entire recovery, starting at the MIM process, through invocation and technical recovery on six monthly basis. <p>The test approach has been agreed in principle, and the final Test Approach is to be produced by 28th October 2016 for sign-off by LBB.</p> <p>On sign-off a forward schedule of exercises will be agreed between both parties.</p> <p>Responsible officer:</p> <p>Jenny Obee, Head of Information Management</p> <p>Brett Holtom, ICT Director (CSG)</p> <p>Target date:</p>

Ref	Finding	Risks	Risk category	Agreed action
				28 th October
4	<p>IT service management processes are not fully developed to support the ITDR capability once it transfers to Business As Usual (BAU) (Control design)</p> <p>The current IT change control process, does ask those raising the change to consider the impact on ITDR, so that it can be maintained effectively. Additionally all changes are submitted to the Change Advisory Board (CAB) for assessment.</p> <p>However, those raising the change currently have no point of reference to determine whether their change impacts an ITDR enables IT service.</p> <p>Management and CSG are aware of this and intend to develop a simple service catalogue that change raisers can access to improve their assessments and plans.</p>	<p>If production IT services are changed and the impact to ITDR provision is not updated in terms of technical process then there is a risk that if there is a disaster the ITDR enabled service may not be recovered as expected. This could materially impact the council as IT services may not be available in the agreed recovery time to enable its functions to operate key public services.</p>	Low	<p>Agreed Action:</p> <ul style="list-style-type: none"> a) The IT service catalogue will be produced by the end of November 2016. An interim solution is in place to enable changes to be checked against a list of current DR services. b) The change process will be updated on implementation of the service catalogue. c) Prior to the roll out of the new process an awareness session to be held and updated change process to be issued all CAB members. <p>Responsible officer: Brett Holtom, ICT Director (CSG)</p> <p>Target date: 30th November 2016</p>

Ref	Finding	Risks	Risk category	Agreed action
5	<p>The SPIR process does not capture ITDR requirements (Design effectiveness)</p> <p>The current SPIR process used to request new services from CSG does not currently consider ITDR as part of its requirements. This is mitigated in a limited fashion by the CSG receiving processes asking for the ITDR requirements when a SPIR is received.</p> <p>Management are currently in the process of updating the SPIR process to include ITDR requirements.</p>	<p>If requirements are not captured for a new IT service then there is a risk that ITDR provision may be insufficient and services either not recovered or recovered in time for council functions to resume service to the public with no impact.</p>	<p>Advisory</p>	<p>Agreed Action:</p> <p>This will be discussed with the Council's Programmes and Commercial Teams and the SPIR template will be updated.</p> <p>Responsible officer:</p> <p>Jenny Obee, Head of Information Management</p> <p>Target date:</p> <p>31 December 2016</p>

Appendix 1: Definition of risk categories and assurance levels in the Executive Summary

Risk rating	
Critical 	<p>Immediate and significant action required. A finding that could cause:</p> <ul style="list-style-type: none"> Life threatening or multiple serious injuries or prolonged work place stress. Severe impact on morale & service performance (eg mass strike actions); or Critical impact on the reputation or brand of the organisation which could threaten its future viability. Intense political and media scrutiny (i.e. front-page headlines, TV). Possible criminal or high profile civil action against the Council, members or officers; or Cessation of core activities, strategies not consistent with government's agenda, trends show service is degraded. Failure of major projects, elected Members & Senior Directors are required to intervene; or Major financial loss, significant increase on project budget/cost. Statutory intervention triggered. Impact the whole Council. Critical breach in laws and regulations that could result in material fines or consequences.
High 	<p>Action required promptly and to commence as soon as practicable where significant changes are necessary. A finding that could cause:</p> <ul style="list-style-type: none"> Serious injuries or stressful experience requiring medical many workdays lost. Major impact on morale & performance of staff; or Significant impact on the reputation or brand of the organisation. Scrutiny required by external agencies, inspectorates, regulators etc. Unfavourable external media coverage. Noticeable impact on public opinion; or Significant disruption of core activities. Key targets missed, some services compromised. Management action required to overcome medium-term difficulties; or High financial loss, significant increase on project budget/cost. Service budgets exceeded. Significant breach in laws and regulations resulting in significant fines and consequences.
Medium 	<p>A finding that could cause:</p> <ul style="list-style-type: none"> Injuries or stress level requiring some medical treatment, potentially some workdays lost. Some impact on morale & performance of staff; or Moderate impact on the reputation or brand of the organisation. Scrutiny required by internal committees or internal audit to prevent escalation. Probable limited unfavourable media coverage; or Significant short-term disruption of non-core activities. Standing orders occasionally not complied with, or services do not fully meet needs. Service action will be required; or Medium financial loss, small increase on project budget/cost. Handled within the team. Moderate breach in laws and regulations resulting in fines and consequences.
Low 	<p>A finding that could cause:</p> <ul style="list-style-type: none"> Minor injuries or stress with no workdays lost or minimal medical treatment, no impact on staff morale; or Minor impact on the reputation of the organisation; or Minor errors in systems/operations or processes requiring action or minor delay without impact on overall schedule; or Handled within normal day to day routines; or Minimal financial loss, minimal effect on project budget/cost.
Level of assurance	
Substantial 	<p>There is a sound control environment with risks to key service objectives being reasonably managed. Any deficiencies identified are not cause for major concern. Recommendations will normally only be Advice and Best Practice.</p>
Reasonable 	<p>An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are Medium priority recommendations indicating weaknesses but these do not undermine the system's overall integrity. Any Critical recommendation will prevent this assessment, and any High recommendations would need to be mitigated by significant strengths elsewhere.</p>
Limited 	<p>There are a number of significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are High recommendations indicating significant failings. Any Critical recommendations would need to be mitigated by significant strengths elsewhere.</p>
No 	<p>There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.</p>

Appendix 2 – Analysis of findings

Area	Critical		High		Medium		Low		Total
	D	OE	D	OE	D	OE	D	OE	
ITDR Capability in line with requirements That the deployed ITDR capability, from both a technical and process perspective can recover in scope operable IT services in line with the CSG contract	-	-	1	-	1	-	-	-	2
ITDR Capability maintenance That effective processes and controls are in place to ensure the ITDR capability is maintained as the IT estate or council requirements change.	-	-	-	-	-	-	1	-	1
ITDR capability testing That the ITDR capability, from both a technical and process perspective, is demonstrated representatively through testing.	-	-	-	-	1	-	-	-	1
Total	-	-	1	-	2	-	1	-	4

**Includes two findings relating to control design and operating effectiveness*

Key:

- Control Design Issue (D) – There is no control in place or the design of the control in place is not sufficient to mitigate the potential risks in this area.
- Operating Effectiveness Issue (OE) – Control design is adequate, however the control is not operating as intended resulting in potential risks arising in this area.

Timetable

Terms of reference agreed: 20 th September 2016	Fieldwork commenced: 28 th September 2016	Fieldwork completed: 6 th October 2016	Draft report issued: 10 th October 2016	Management comments received: 14 th October 2016	Final report issued: 18 th October 2016
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Appendix 4 – Identified controls

Area	Objective	Risks	Identified Controls
ITDR Capability in line with requirements	That the deployed ITDR capability, from both a technical and process perspective is can recover in scope operable IT services in line with the CSG contract	The deployed ITDR capability does not meet the councils requirements and, in the event of real incident, fails to recover IT services in time or state, in line with the contract, impacting the Council materially.	Identified control <ul style="list-style-type: none"> • ITDR plans and processes used to coordinate and execute a recovery (Reference observation 2) • The CSG contract sections that detail what IT services are covered by ITDR and their contracted capabilities (Reference finding 1) • The technical solution in place that CSG have deployed and maintained to deliver ITDR
ITDR Capability maintenance	That effective processes and controls are in place to ensure the ITDR capability is maintained as the IT estate or council requirements change.	The deployed ITDR capability is not maintained effectively, and in the event of a major incident does not function as expected, materially impacting the Council.	Identified control <ul style="list-style-type: none"> • IT Change Management process, in an ITDR context, to ensure that the existing technical capability is maintained (Reference observation 4) • SPIR process used by the council to define new service requirements from CSG (Reference observation 5) • OASIS Process used to transfer new IT services into live support (Reference 5) • Work Package Process.
ITDR capability testing	That the ITDR capability, from both a technical and process perspective, is demonstrated representatively through testing.	The deployed ITDR capability is not tested effectively and the opportunity to resolve issues that have the potential to delay the effective recovery of IT services is lost, again with material impact to the council.	Identified control <ul style="list-style-type: none"> • Test approach as part of the project to representatively demonstrate the capability prior to deployment (Finding 3) • Proposed test approach to representatively demonstrate the ITDR capability after deployment (Finding 3)

Appendix 5 – Internal Audit roles and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken the review of *IT Disaster Recovery*, subject to the limitations outlined below.

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Specifically we will not:

- Provide assurance over the accuracy, validity or completeness of Purchase Card expenditure within the General Ledger, “Integra” system; and
- Investigate the results from the data analytics exercises. Results of this exercise will be presented to management to investigate and take further action as necessary.

Future periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

Appendix 6 – Update on actions from the July 2016 follow on review

Status	Description	Total July 16	Total Oct 16
Implemented	Evidence provided to demonstrate that the action is complete	3	5
Partially Implemented	Evidence provided to show that progress has been made but the action is not yet complete	5	3
Not Implemented	No evidence seen of the action being progressed or completed	2	2

Detailed Status Updates

Audit finding, date and recommendation (March 2016)	Audit follow-up status (October 2016)
1. ITDR Governance	
<p>a) Governance of BCM should formally include Capita staff who are responsible for ITDR. These individuals should be identified by Capita and then invited on a standing basis (Governance)</p> <p>Action: Recommendation accepted & completed</p> <p>Responsible Officer: Dennis Hunt, IS Security Manager (CSG)</p> <p>Target date: 30 April 2016</p>	<p><u>Implemented (July 2016)</u></p> <p>Capita staff, who are responsible for the ITDR programme have been identified for inclusion in the council's BCM steering committee.</p>

Audit finding, date and recommendation (March 2016)	Audit follow-up status (October 2016)
<p>b) The BCM quarterly meeting should include formal ITDR discussion we with respect to a) business alignment b) capability c) status d) issues e) residual risk</p> <p>Action: Recommendation accepted & completed</p> <p>Responsible Officer: Kate Solomon, Emergency Planning and Business Continuity Manager (LBB)</p> <p>Target date: 30 April 2016</p>	<p><u>Implemented (October 2016)</u> BCM steering committee now discusses ITDR formally</p> <p><u>Partly Implemented (July 2016)</u> Capita have invited and have attended the BCM steering committee. However the meeting did not include any formal ITDR programme discussion. BCM team should add a standing ITDR agenda item to the steering committee.</p>
<p>c) Capita should immediately engage the Council management and agree the level of reporting information required with respect to the ITDR capability. This should include as a minimum a) ITDR capability in terms of IT services in scope, Recovery Time Objective (RTO), Recovery Point Objective (RPO) and capacity, b) residual risk, c) planned tests, d) the test results and remedial actions and d) ITDR capability changes. (Governance)</p> <p>Action: Recommendation accepted & completed</p> <p>Responsible Officer: Ian Baker, Operations Manager (CSG)</p>	<p><u>Not implemented (October 2016)</u> Final RTO's and RPO's have been submitted by the council (September 2016) for discussion with Capita. Until these are finalised Capita will not be able to report on them.</p> <p><u>Not implemented (July 2016)</u> Please see 2b below. RTO's are still being reviewed with the council this cannot complete until they are agreed.</p>
<p>d) Management should update governance policies, terms of references and processes to reflect the above. (Governance)</p>	<p><u>Implemented (October 2016)</u></p>

Audit finding, date and recommendation (March 2016)	Audit follow-up status (October 2016)
<p>Action: Recommendation accepted & completed</p> <p>Responsible Officer: Kate Solomon, Emergency Planning and Business Continuity Manager (LBB)</p> <p>Target date: 30 April 2016</p>	<p>Management have changed the terms of reference for the BCMT to reflect that ITDR status will be discussed as part of governance.</p> <p><u>Not implemented (July 2016)</u></p> <p>No update received from management for this recommendation.</p>
<p>2. Alignment of BCM recovery requirements with ITDR capability</p>	
<p>a) The programme teams should confirm who is responsible for reviewing the scope of the IT services included within ITDR. The responsible party should review the scope and the current ratings and engage Capita with respect to any required changes which should be provisioned as part of the ITDR project. (Business requirements)</p> <p>Action: Recommendation accepted</p> <p>Responsible Officer: Kate Solomon, Emergency Planning and Business Continuity Manager (LBB)</p> <p>Target date: With immediate effect</p>	<p><u>Implemented (July 2016)</u></p> <p>For the purposes of this action Capita are engaging with Jenny Obee.</p>

Audit finding, date and recommendation (March 2016)	Audit follow-up status (October 2016)
<p>b) Capita should immediately engage the Council to ensure that the recovery bandings, i.e. platinum, gold, silver and bronze, are being delivered as per the contractual agreement. Where not, Capita should provision as part of the project. (Contract Specification)</p> <p>Action: Recommendation accepted & completed</p> <p>Responsible Officer: Ian Baker, Operations Manager (CSG))</p> <p>Target date: With immediate effect</p>	<p><u>Partially implemented (October 2016)</u></p> <p>Capita have, with management, agreed that Platinum and Gold are now Tier 1 and Silver and Bronze are Tier 2 based as their recover capabilities within Tier are identical. Capita have received an updated list of IT services from management (September 2016) and are in discussion with respect to moving them between tiers.</p> <p><u>Partially implemented (July 2016)</u></p> <p>Capita have recently (complete June 2016) an analysis of the original schedule against the systems currently provisioned for by the project. At the time of the update Capita had not discussed the outcomes with LBB.</p> <p>The Capita analysis shows the following for 2011:</p> <ul style="list-style-type: none"> • 32 as Platinum • 16 as Gold • 23 as Silver • 66 as Bronze • 43 unclassified (i.e. in this case do not require ITDR) <p>The above numbers are reflected in the contract. It was also noted that a number of these entries were erroneous as they were for service components (e.g. Oracle) as opposed to IT services. Additionally these numbers include a number of 3rd party services not provided directly by Capita</p> <p>The Capita analysis shows that what has actually been provisioned (excluding 3rd parties) is as part of the project is as follows:</p> <ul style="list-style-type: none"> • 52 as Platinum and Gold • 27 as Silver and Bronze • 25 as Unclassified <p>The analysis notes that since 2011 58 additional services have been decommissioned</p>

Audit finding, date and recommendation (March 2016)	Audit follow-up status (October 2016)
	<p>It was also noted on interview, that systems that were introduced since 2011, did not include a formal request for ITDR from the council, however in a number of cases (e.g. Mosaic), Capita have provisioned anyway.</p> <p>The analysis underlines the necessity for the council and Capita to re-baseline the recovery requirements of IT services.</p>
<p>c) In line with the governance finding (Recommendation 2.1d <i>per report</i>) above, the BCM programme should engage with those in Capita responsible for ITDR on a defined and regular basis to ensure changes in recovery requirements are provisioned for. (Business requirements)</p> <p>Action: Recommendation accepted & completed</p> <p>Responsible Officer: Kate Solomon, Emergency Planning and Business Continuity Manager (LBB)</p> <p>Target date: 30 April 2016</p>	<p><u>Not implemented (October 2016)</u></p> <p>As per 2(b) Tiering of applications is still on going. Once complete this activity can start.</p> <p><u>Not implemented (July 2016)</u></p> <p>As Capita and the council have not re-baselined this action is not possible.</p>

Audit finding, date and recommendation (March 2016)	Audit follow-up status (October 2016)
3. ITDR planned technical recovery capability	
<p>a) In line with the recovery requirements recommendation in the report (Recommendation 2.2b), Capita should immediately engage with the Council to ensure the required infrastructure is provided to meet recovery requirements and expected user numbers. (Contract specification).</p> <p>Action: Recommendation accepted & completed</p> <p>Responsible Officer: Ian Baker, Operations Manager (CSG)</p> <p>Target date: With immediate effect</p>	<p><u>Partially Implemented (October 2016)</u></p> <p>As per 2b, Capita and management have started (September 2016) which IT services will be moving recovery Tiers.</p> <p>Management are in discussion with Capita with respect to the gap between the Councils expectations for Silver and Bronze IT services (now Tier 2) with RPO and Capita provision.</p> <p><u>Partially implemented (July 2016)</u></p> <p>As per 2b, Capita have completed their initial analysis on what is currently covered by the ITDR programme against initial contract and are in the process of engaging the Council.</p> <p>As an update Capita have informed IA that the current ITDR project's provision for applications placed in silver and bronze categories cannot meet contractual recovery requirements with respect to Recovery Point Object (RPO, i.e data loss). The contractual requirements stands at 1 hour (i.e. if the system fails at 1200, it will be brought back to a state where it was at 1100, with an hours' worth of permanent data-loss), however the actual capability will lose up to 24 hours of data.</p> <p>It is recommended that the Council take this into account when re-baselining.</p>
<p>b) The ITDR project should identify end to end IT service dependencies that should be taken into account in provisioning and planning. This may mean that IT services that are not currently in scope have to be provisioned to support ones that are in scope and have a critical dependency. It may also mean that IT services have to be</p>	<p><u>Implemented (July 2016)</u></p> <p>Capita have conducted an analysis of the applications in scope and identified interdependencies between applications.</p>

Audit finding, date and recommendation (March 2016)	Audit follow-up status (October 2016)
<p>promoted in terms of tiering to ensure successful recovery. (Proposed ITDR solution)</p> <p>Action: Recommendation accepted & completed</p> <p>Responsible officer: Applications team, CSG</p> <p>Target date: 30 May 2016</p>	
<p>4. Interim IT Disaster Recovery</p>	
<p>a) Capita should immediately engage the Council and propose the most effective way of mitigating the risk in the interim period prior to ITDR being fully deployed by the project (Contract specification).</p> <p>Action: Recommendation accepted & completed</p> <p>Responsible Officer: Brett Holtom, ICT Director (CSG) Jenny Obee, Head of Information Management (LBB)</p> <p>Target date: 4 April 2016</p>	<p><u>Partially implemented (October 2016)</u></p> <p>The technical recovery capability is in place for failover of central systems. The WAN project has a number of sites that are yet to be cut-over, however this only represents approximately 5% of users. As per the main report limited testing as part of the project has been carried out, however BAU testing has not and the current ITDR plans do not have detailed instructions for Tier 2 applications.</p> <p><u>Partially implemented (July 2016)</u></p> <p>Capita have continued with the rollout of the ITDR programme.</p> <p>In terms of recoverability the following stands:</p> <ul style="list-style-type: none"> • Gold and Platinum IT services have recovery infrastructure and currently replicating their data. • Silver and Bronze IT services have recovery infrastructure in place, however it does not allow for the recovery of data within contractual requirements • Partial recovery plans have been developed.

Audit finding, date and recommendation (March 2016)	Audit follow-up status (October 2016)
	<ul style="list-style-type: none"> • The associated LAN/WAN project has not completed and the time of review would mean that approximately 40% of council users would not be able to access recovered services from their offices. • No testing has been carried out. <p>In this position Capita would stand a reasonable chance of recovering services but there is a risk this may not occur within contractual requirements due to the lack of testing and documentation. However requirements do not come into force until the project has delivered. The project is currently on track to complete (i.e. hand over to Business As Usual) in mid-August.</p>



Cross Council Assurance Service

Annual Report 2016

Our Annual Report takes a look at how we have delivered value for our clients through the Cross Council Assurance Service (CCAS)



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CCAS at a glance

Who are we?

CCAS is a framework for internal audit, risk management, anti-fraud and other assurance services established by the London Borough of Islington along with five other lead Local Authorities: the London Boroughs of Camden, Lambeth, Enfield, Barnet and Harrow in August 2014.

PwC was selected as the strategic delivery partner for the framework and has been commissioned to provide support to both develop the framework with the member boroughs and directly deliver internal audit and assurance related work.

CCAS acts as a platform for the delivery of co-sourced internal audit and other assurance services. The framework is orientated around improving in house capacity at the member boroughs through collaboration and knowledge sharing. It provides a convenient and agile vehicle for commissioning assurance services from an experienced delivery partner, allowing members to mobilise assurance services quickly, without extensive (and expensive) procurement processes, clearly demonstrating value for money.

Our vision

An intelligent, innovative and integrated multi-disciplinary assurance service focused on assuring critical risks, minimising losses to fraud and using market-leading insight and technology to add value. A lean and efficient service that delivers value for money.

Who can use the framework?

The framework is open to all Local Authorities, Health Bodies and Arms - Length Management Organisations in the Greater London Area and the surrounding South East.

Organisations can use the framework in two ways. They can engage and participate in the development aspects of the framework with other member authorities, collaborating together on training and development of staff, consolidation of audit plans and standardisation of audit methodologies and reporting templates. They can also draw down support from the strategic partner to meet specific assurance needs as required.

The framework is intended to be the platform for delivery of premium quality assurance services across London, founded on collaboration between organisations and working across participating borough boundaries.



Two years on — our key achievements so far

Collaboration

- On an ongoing basis, we foster, develop and maintain cross-borough relationships by hosting regular networking days for in-house and external teams.
- We created an online collaboration tool, TeamSpace, which facilitates knowledge sharing and increased communication across CCAS. This includes online forums to allow member boroughs to communicate directly with each other.
- We have agreed a working protocol to facilitate cross-borough working by in-house teams.
- Our established governance frameworks have enhanced knowledge sharing and facilitated collaborative working CCAS, for example, leveraging economies of scale by exploring similar key risks and responses.
- We are currently performing an internal exercise to benchmark each member Local Authority's performance for comparison purposes in FY17.

Training and development

- We have organised and received specialist technical updates on areas such as local government sector risk, cyber security, data protection and risk management.
- We have organised and received interactive sessions on the application of internal audit methodology.
- We have received specialist training on data analytic tool Power BI.
- We have delivered joint audits and performed work shadowing giving opportunity for in-house and external teams to work alongside each other to share knowledge and experience.
- PwC have shared thought leadership and provided opportunities to attend seminars and workshops on emerging techniques and technologies for example internal audit training events and data protection risk.
- PwC have seconded members of their team into a number of participating organisations who have added significant value through one-to-one coaching, mentoring, knowledge-transfer and performance management. We

are currently looking for apprentices within in-house teams to join PwC on work experience.

Consolidation

- We have undertaken an extensive cross-borough, integrated assurance mapping exercise which mapped out each borough's assurance needs. This helped member boroughs to prioritise significant risks and condense audit plans reducing overall cost. This will be further enhanced by the outputs of our benchmarking exercise noted above.

Growth

- We have invested time in growing the framework through proactive business development. CCAS has been joined by a number of additional organisations, including: Essex County Council, Southend Borough Council, Castle Point District Council, Rochford Borough Council and the London Borough of Redbridge. There are also a number of other organisations looking to join the framework, making CCAS the pre-eminent assurance shared service in Greater London.

Standardisation

- We have aligned our methodologies, protocols and reporting templates to enable cross-borough working and efficiencies, adopting a unified approach to internal audit.
- We have agreed standardised KPIs to benchmark internal audit performance across all boroughs on the framework.
- We have developed a standardised feedback questionnaire allowing feedback to be compared and contrasted across CCAS.

Governance

- We have set up regular governance meetings which are attended by the Heads of Internal Audit from the lead Boroughs and PwC to set the CCAS strategy and vision to develop and grow the framework.
- We have embedded operational meetings for CCAS management teams to make key decisions on operational matters which support the delivery of the strategy, vision and framework growth.

- We have developed this annual report to reflect and report on the key achievements of the framework.

Social Value

Our service is an integrated assurance service that enables member organisations to operate more efficiently and spend public money wisely. To enable this we:

- ensure that social value considerations are embedded in the assurance function and assess their impact during assurance mapping, audit planning, risk management activities and scoping; and
- perform dedicated reviews of how services such as procurement, contract management and projects/programmes deliver social value to the community and meet outcomes.

We also:

- work with our communities to provide social value contributions through the development of higher apprenticeship schemes. One borough has successfully recruited two higher apprentices into their internal audit function.
- proactively promote the higher apprenticeship scheme. PwC have shared information on how their scheme is organised with member boroughs to help them develop their own to provide further local employment opportunities within the assurance service.
- are looking for apprentices to join PwC for a work experience development cycle.
- all organisations (where required) and the strategic partner comply with the London Living Wage.

Technology

We have helped create efficiencies and added value through effective deployment of technology including:

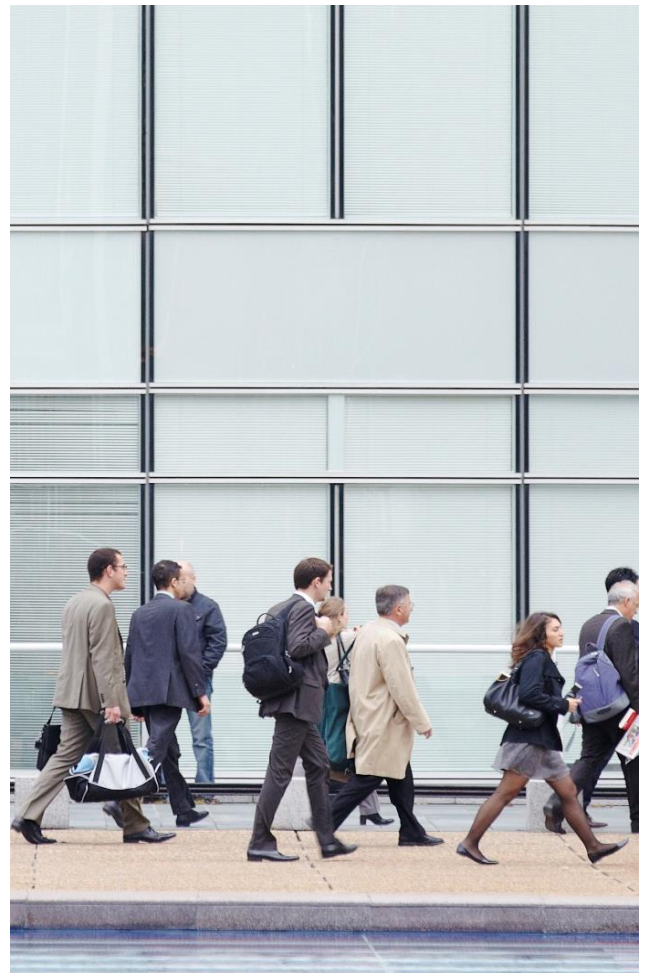
- Use of PwC's Empower tool has provided real-time controls assurance by extracting and analysing transactions directly from key systems, providing significant scope for efficiencies and helping management streamline existing manual controls across organisations.
- Use of Power BI to identify irregularities. This has added further value and given management greater insight by identifying trends.
- Creation of our online collaboration tool, TeamSpace.

- Trialling use of PwC's follow-up and risk management tool TrAction.
- Introduction of a post-audit feedback survey.

What next

Over the next 12 months there are a number of key priorities that CCAS will be focused on. These include:

- Further development and expansion of the CCAS apprenticeship programme.
- Training for audit teams on contract and project management.
- Continued development of the shared templates and methodologies to aid cross borough working and consistency across the framework.
- Focus on building on the use of technology, including data analytics tools and TrAction.
- Three networking days to be held during 2016/17.
- Shaping the future vision and operating model for the framework.



Appendix 1 – Examples of how CCAS has added value

 <p>Technical and specialist accounting advice</p>	 <p>Business case support and financial strategy</p>	 <p>Investigating profit share</p>
<ul style="list-style-type: none"> We used an innovative approach to redesign aspects of the Treasury Management Strategy, specifically around the Minimum Revenue Provision (MRP), to secure significant revenue savings in a prudent and robust way We have provided specialist technical accounting advice on areas such as ESA10, FRS102, PFI, revenue recognition and consolidation approaches. 	<ul style="list-style-type: none"> We have performed reviews of draft Business Cases, collaboratively bringing together insight, analysis and challenge to support strategic decision making. As part of this we have challenged underlying assumptions, agreed statistics back to base data and summarised key legal, financial, operational and reputational risks posed by potential Business Cases. We have also helped design business case templates, investment appraisal processes and strategy. 	<ul style="list-style-type: none"> We performed a detailed cost review on the completeness, accuracy and validity of charges presented by an external contractor. In total, overage income was increased by 140%, with £11m expected savings identified by the review/ We examined how suppliers are charging against contractual terms can also lead to renegotiations over time as definitions for ‘allowable costs’ are refined. This helped the organisation to maximise the profit share that they were entitled to receive
 <p>Repairs and maintenance contract review</p>	 <p>Specialist capital programme reviews</p>	 <p>Building resilience in critical data centres</p>
<ul style="list-style-type: none"> We provided assurance over value for money of ‘through put’ costs (those incurred by supplier but reimbursed in full). Indexation methods were complicated and did not continue to provide value for money. Similar reviews have used data assurance techniques to test allowable costs (e.g. travel expenses) against policy. Final findings have fed in to the procurement process and any renegotiations. 	<ul style="list-style-type: none"> We are offering a range of programme assurance and control development activities across a number of infrastructure and capital projects. Our involvement has helped identify weaknesses in dependency management, programme integration and coordination. We have highlighted the risks in existing plans and the absence of controls undermining the effectiveness of a 3 lines of defence approach. We are helping to address these. 	<ul style="list-style-type: none"> We reviewed the resilience of the Council’s data centres which support core IT infrastructure and systems Our work programme looked at the physical controls and management of the facility to ensure continuity of IT services can be provided Our findings enabled the client to understand the environmental risks of its data centres, feeding into new outsourcing requirements. This allowed the supplier to be given a roadmap to ensure a more robust hosting environment.

Appendix 2 – Background to CCAS

Membership of CCAS

Membership of CCAS gives organisations access to a network of other like-minded assurance teams and professionals across the public who are trying to enhance their service through a systematic approach to knowledge sharing and collaboration. This is facilitated through an established governance structure as well as training events, workshops and networking days that are hosted by the framework's strategic delivery partner.

CCAS also provides access to the following services that can be delivered directly by the strategic delivery partner when needed:

- **Internal audit** — compliance audits such as testing of schools and establishment key controls, core risk based internal audit and specialist audit where an expert is needed to deliver technical audit work such as project assurance or IT.
- **Risk Management** — services to support the development of risk management arrangements and provision of practical solutions regarding how to embed these into the organisation.
- **Anti-fraud** — supporting anti-fraud work within each organisation, covering a range of services through prevention, detection and response as well as policy and culture. Helping link with the internal audit plan to ensure that anti-fraud controls, pro-active plans and anti-fraud arrangements (e.g. strategy, policies) are in place as well as completing investigations into fraudulent activity.
- **Advisory** — other specialist assurance services to help organisations respond to, and anticipate, challenging financial, governance, risk and control issues. Including the governance of major and complex projects and programmes, improving financial management, planning and reporting, strengthening controls and governance arrangements, commercial and contract assurance and technical accounting.

Members also have access to staff secondments from the strategic delivery partner to cover key staff absence and support the in house team directly in delivering assurance services.

How organisations can use the framework

The framework is designed to be accessible for short or medium term assurance projects as well as long-term co-sourced or outsourced assurance projects. To secure work through the framework you should take the following simple steps:

1. Discuss the works with PwC and determine the relevant service solution.
2. Contact Roger Dunlop and Islington Council to express a desire to access the Agreement and obtain copies of the Access Agreement and Order for Services.
3. Complete and sign the Access Agreement.
4. Complete and Order for Services and send to PwC, copied to Islington.

Key contacts

Contact details and access

Roger Dunlop (Islington Council)
roger.dunlop@islington.gov.uk / 020 7527 4493

Internal audit and anti-fraud

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Stuart Brown (Director, PwC)
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Risk management and other assurance

Julian Rickett (Partner, PwC)
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Katy Elstrup (Director, PwC)
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	<p>Audit Committee 3rd November 2016</p>
<p>Title</p>	<p>Corporate Anti-Fraud Team (CAFT) Q2 Progress Report: July - September 2016.</p>
<p>Report of</p>	<p>Clair Green – Assurance Assistant Director</p>
<p>Wards</p>	<p>All</p>
<p>Status</p>	<p>Public</p>
<p>Enclosures</p>	<p>Appendix 1:- CAFT Q2 Progress Report: July – September 2016.</p>
<p>Officer Contact Details</p>	<p>Clair Green clair.green@barnet.gov.uk 0208 359 7791</p>

Summary

This report covers the period 1st July 2016 – 30th September 2016 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 2016 – 30th September 2016**

1. WHY THIS REPORT IS NEEDED

- 1.1 The Audit Committee included in the work programme for 2016/17 that quarterly progress reports on the work of the Corporate Anti- Fraud Team are 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.

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 of 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.

5.5.3 There are no particular equalities issues arising from this report.

5.5 Consultation and Engagement

5.1 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 19 April 2016 (Decision Item 9) – the Audit committee approved the Internal Audit and Anti Fraud Strategy and Annual Plan2016-17
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=144&MId=8416&Ver=4> :

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Corporate Anti-Fraud Team (CAFT) Q2 Progress Report: July - September 2016

25th October 2016
Clair Green
Interim Assurance Director

Contents

1. Introduction
2. Pro-active fraud plan
3. Performance Indicators
4. Noteworthy investigations summaries

1. Introduction

This report covers the period 1st July 2016 – 30th September 2016 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.

During the last quarter CAFT continued to deliver 'Fraud Risk Awareness' modules as part of the Council's Management Induction Programme. Its aim is to provide a range of learning and development solutions, and to build on manager's current skills, knowledge and behaviour. The Fraud Risk Module was designed, developed and delivered by CAFT and Risk Management teams.

2. Pro-active fraud plan

Table 1 provides an update against any CAFT pro-active activity undertaken in this period as set out within the 2016/17 plan

CAFT Pro-active review	Outcome
<p>Disabled Blue Badge Street Operation.</p> <p>Disabled Blue Badges must only be used by the named badge holder, or by a person who has dropped off or is collecting the badge holder from the place where the vehicle is parked. It is a criminal offence for anyone else to use a blue badge in any other circumstances.</p>	<p>One proactive exercise was carried out by CAFT during the 2nd quarter of 2016-2017.</p> <p>This exercise took place on 29th & 30th September when CAFT officers accompanied by NSL parking enforcement officers and Barnet Police carried out a street based operation in the Burnt Oak, Temple Fortune and Mill Hill areas. During this exercise 103 badges were checked for validity which resulted in 17 cases of misuse being identified. This led to 13 badges being seized; two of which were being used despite the permit holders being deceased and two had been reported stolen.</p> <p>The Operation also resulted in 22 parking penalty charge notices being issued: 16 of which relating to blue badge misuse and a further six for parking related contraventions.</p> <p>Investigations are on-going into all 17 badges that were identified as being misused; outcomes will be reported in future reports.</p>

3. Performance Indicators

Table 2 provides an update against all performance indicators as set out within the 2016/17 fraud plan. *(No targets are set against each of these indicators, they are the results of CAFT re-active and continuous investigation work – with the exception of ‘Properties Recovered’ which is agreed with Barnet Homes as an annual figure of 60 properties).*

Performance Indicator	Q1 2016-17	Comments
Corporate Fraud Team 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 work in partnership with partners, other organisations and law enforcement agencies to ensure that the public purse is adequately protected		
Number of carried forward Fraud investigations from Q1	24	
Number of new fraud investigations	17	
Total Number of closed fraud investigations	9	Please refer to noteworthy investigations sections of the report for further details if fraud is proven.

Total number of on-going fraud investigations	32	Of these 32 investigations, 5 relate to Adults and Com, 10 relate to schools and family services, 4 relate to Street scenes, 8 relate to parking (non BB), 2 relate to Re, 2 relate to procurement and 1 relates to Barnet homes
Number of staff no longer employed / dismissed as a result of CAFT investigations.	nil	
Disabled Blue Badge Misuse and Fraud this details the investigation of Blue Badge Misuse as well as Blue Badge fraud. Blue badges can only be used by the named badge holder, or by a person who has dropped off or is collecting the badge holder from the place where the vehicle is parked. It is a criminal offence for anyone else to use a blue badge in any other circumstances.		
Number of carried forward Fraud investigations from Q1	56	
Number of new referrals received	49	As a result of these 49 referrals 27 badges have been seized.
Number of BB cases closed	24	9 cases were successfully prosecuted (Please refer to noteworthy investigations sections) 1 closed fraud Proven, 3 closed No fraud, 5 Warning letters issued, 6 Closed insufficient evidence
Open On-going BB investigations	81	10 cases are already with our legal team for prosecution 71 are on-going investigations
Financial Investigations - a Financial Investigation under the Proceeds of Crime Act 2002 ensures that any persons subject to a criminal investigation by Barnet do not profit from their criminal action		
Number of carried forward Financial investigations from 15-16	8	
Number of new Financial investigations	2	
Number of closed Financial investigations	nil	
Total Number of on-going Financial investigations	10	Of these investigations, 3 relate to planning (see noteworthy case for update regarding Rahmdezfouli), 1 relates to Revs and Bens, 1 relates to Trading standards and 2 relates to Direct Payments, 2 relate to Safeguarding Adults, 1 relates to Barnet Homes. Details of cases are reported on closure if fraud is proven or another sanction given.

Tenancy Fraud Team 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.

CAFT provide a detailed monthly statistical report, along with a more comprehensive quarterly report to Barnet Homes outlining how many properties have been recovered, along with a list of all referrals from the neighbourhood officers and the current status of the cases referred.

Number of carried forward Tenancy Fraud investigations from Q1	107	
Number of new Tenancy Fraud investigations	72	Of the 102 on-going investigations there are currently 3 cases with legal awaiting criminal hearings and 3 cases are awaiting civil hearings.
Total Number of closed Tenancy Fraud investigations	77	
Total number of on-going Tenancy Fraud Investigations.	102	Of the 31 properties recovered this year these include 2 succession applications being denied and 3 emergency accommodation properties being cancelled. The savings that this number of recovered properties equates to is £4,650,000* <i>*according to audit commission calculation of £150k per recovered property</i>
Number of properties recovered	31	
Number of 'Right to Buy' applications denied as a result of CAFT intervention	7	There is a maximum discount of £103,900 per property on right to buy cases. CAFT have saved £708,400 in discounts in the current financial year.
Number of Housing Applications denied as a result of CAFT intervention	4	CAFT have a close working relationship with the housing options team and liaise with them on a regular basis
Regeneration properties where number of bedrooms has been reduced following CAFT investigation	2	These are when tenants are stating other persons are resident in order to obtain extra bedrooms in regeneration properties
Joint tenancy denied	1	This is when a tenant has attempted to add another person onto the tenancy
Other information reported as per requirements of policy.		
Number of requests authorised for surveillance in accordance with Regulation of Investigatory Powers Act 2000 (RIPA).	Nil this quarter. This statistic is reported for information purposes in accordance with our policy and statistical return to the Office of Surveillance Commissioners.	
Number of referrals received under the council's whistleblowing policy.	No whistleblowing referrals have been received this quarter.	

4. Noteworthy investigation summaries:-

Tenancy Fraud Investigations

Ms A had a two bedroom flat in Barnet. As part of a pro-active data matching exercise, this case was investigated as there were concerns that the tenant may not be resident. Further checks showed that Ms A was a joint owner of a property in another area for many years and had many other links to the property. Notices were served to recover the property Ms A was interviewed under caution and continued to state that she did reside in Barnet, but the evidence was overwhelming and following the interview confirmed that she was living in the other area and agreed to hand the keys back to the property, which she duly did. Due to the fact that Ms A had been subletting the property for many years and actually owned another property at the same time, the case has been passed to our legal team to commence criminal proceedings.

Mr B had a bedsit in Barnet. A referral was received that the property was being sublet. A visit was made to the property and we spoke with the sub-tenant. Notices were served to recover the property at both the tenancy address and the address we believed the tenant to be residing. Mr B made contact to say he wished to give the tenancy up and the property has now been recovered.

Mr C had a three bedroom flat in Barnet. A referral was received stating that Mr C was not residing in the property.. Unannounced visits were made to the property and on two occasions the same male answered. He initially stated that Mr C was abroad, but checks with UKBA showed this not to be the case, so notices were served to recover the property. Following this Mr C made contact with the office and eventually agreed to hand the keys back to the property.

Mr D had a three bedroom flat in Barnet. CAFT assisted Barnet Homes in a key fob exercise on an estate in this area and credit checks were undertaken on all properties to be given new fobs. This check identified various discrepancies in respect of Mr D's tenancy including having a mortgage on another property and lots of credit cards elsewhere. On the day of the key fob exercise, Mr D's brother attended to collect the key fob and when questioned admitted he had "taken over" the tenancy. Notices were served to recover the property and the matter was passed to our legal team to instigate civil legal proceedings. Once the tenant was aware of this, Mr D contacted CAFT and agreed to relinquish the tenancy and duly did so.

Miss E was in a three bedroom emergency accommodation outside Barnet. A referral was received from an officer in the emergency accommodation team stating they had concerns that the tenant was not resident. A joint unannounced visit was arranged, and CAFT officers were met at the property by the landlord. On entering the property, it was obvious that the tenant was sub-letting the property. A sub-tenant provided a statement saying that he had been resident for 2 weeks and another sub-tenant said that they had been in the property for a longer period of time. As a result of the investigation, the emergency accommodation was cancelled and the duty to house Miss E was discharged.

Miss F made a homeless housing application and stated that she was living at her parents address and it was overcrowded. CAFT had recovered her previous property as we were satisfied that she was not resident at that property. Housing options made contact with CAFT to assist in the housing application. As a result of the information supplied, they came to the decision that Miss F had made herself intentionally homeless at her previous address as she had accrued rent arrears and was not residing there. Miss F did appeal against the decision but it was not upheld.

Mr G has a one bedroom flat in Barnet and was being reassessed as part of the regeneration scheme and claimed he had a two bedroom need. However a CAFT investigation showed that this was false so the request was denied and Mr G was offered a one bedroom property.

Corporate Fraud Investigations

All cases mentioned below have been through the criminal courts and so are in the public domain

Mr Rahmdezfouli – Proceeds of crime (POCA) Case

'A landlord who was previously found guilty of breaching a planning enforcement notice has been ordered to pay a record fine and costs to Barnet Council after a lengthy and complex Proceeds of Crime investigation led by the Council's Corporate Anti-Fraud Team (CAFT).'

Mr Rahmdezfouli was found guilty at Wood Green Crown Court in August 2015 for breaching a planning enforcement order. Following the guilty verdict CAFT initiated an investigation under the Proceeds of Crime Act (POCA).

CAFT Specialist Financial investigators were able to investigate the case using special powers under the POCA to both identify and calculate the criminal benefit that Mr Rahmdezfouli had received. These officers were able to restrain properties to secure assets that would be used during the confiscation process. At the end of the POCA hearing at Wood Green Crown Court on 21st September 2016 His Honour Judge Patrick found in favour of Barnet council and a confiscation order was made against Mr Rahmdezfouli for an amount of £555,954 being the profit generated from his criminal conduct at Wood Green Crown Court on 21 September. He was also fined £65,000 and ordered to pay £80,000 in costs

Under the governments POCA incentivisation scheme the confiscation amount of £555,954 will be split into 3 parts - £277,977 (50%) goes to the Treasury, £69,494 (12.5%) goes to the courts and **£208,482 (37.5%) comes to Barnet council.**

Blue Badge Misuse - Mr Rosenthal

On the 17th August 2015, a Grey Range Rover Sport was parked in, NW11 displaying a photocopy of blue badge. A Penalty Charge Notice was issued to the vehicle. The Vehicle owner and badge holder appealed against the PCN stating that her vehicle was incorrectly ticketed as she was parked on a single yellow line and was displaying her disabled blue badge. CAFT conducted an investigation which revealed that the badge holders' son had copied the original badge for his own use. On the 30th August 2016, Mr Rosenthal attended court and pleaded guilty to the offence of misusing a blue badge under the Road Traffic Regulation Act 1984. Mr Rosenthal was fined £380, given a victim surcharge of £38 and ordered to pay full court costs of £675, therefore a total of £1,093.

Blue Badge Misuse Mr Mohammed

In June 2016 CAFT officers Carried out a Blue Badge Misuse exercise in the Hendon area. A verification check on a blue badge being displayed in Babington Road NW4 revealed that the badge owner did not correspond to the vehicle owner who was a student at the Middlesex University site across the road. Officers went to the university to speak to the owner of the vehicle, Mr Mohammed, who confirmed the badge belonged to a family member who was not present. The badge was seized. Mr Mohammed submitted a written guilty plea at Willesden Magistrates Court. Mr Mohammed was fined £400 and ordered costs of £140 to be paid along with a Victim surcharge £40.

Blue Badge Misuse Mr Birol

In June 2016 CAFT officers Carried out a Blue Badge Misuse exercise in the Hendon area. Whilst conducting a verification check on a blue badge being displayed in Babington Road NW4 the check revealed that the badge belonged to an elderly lady but information received suggested that the vehicle belonged to a student at the Middlesex University site across the road. Officers went to the university to speak to the owner of the vehicle, Mr Birol, confirmed that the badge belonged to a family member who was not present. The badge was seized. Mr Birol submitted a written guilty plea at Willesden Magistrates Court and he was fined £400 and ordered costs of £140 to be paid along with a Victim surcharge £40.

Blue Badge Misuse - Ms Kyriacou

In June 2016, CAFT officers witnessed a vehicle parking outside the council buildings at North London Business Park. CAFT officer's suspicions were raised when the car parked on double yellow lines opposite St Andrews School and a female driver got out and ran over to the school. Checks were conducted and on the lady's return to the vehicle CAFT officer inspected the Blue badge which revealed that the badge belonged to the driver's relative who was not present so it was seized. Further investigation identified that the driver had been taken to court previously for misusing a relative's badge. Ms Kyriacou pleaded Guilty via post to the offence of misusing a disabled badge. Ms Kyriacou was fined £800 and ordered to pay costs of £906.79 as well as a victim surcharge of £80.

Blue Badge Misuse Mr Wilsher

During a CAFT blue badge exercise in March 2016 in the Finchley area a verification check was conducted on a badge being displayed in a parked vehicle. As the check was being done the driver of the vehicle, Mr Wilsher, returned and was questioned by the CAFT Officer. He confirmed that the displayed badge belonged to his deceased relative and admitted the misuse. The badge was seized. Mr Wilsher pleaded Guilty via post to Willesden Magistrates court for the offence of misusing a disabled badge. Mr Wilsher was fined £600 and ordered to pay costs of £773 and a victim surcharge of £60.

Blue Badge Misue - Miss Quronfoleh

In June 2016 CAFT officers and Police conducted a Blue badge exercise in the Hendon area. CAFT officers noticed a vehicle parked in a disabled bay in St Joseph's grove next to the Town Hall. A verification check was done on the badge was revealed that the badge in fact belonged to a deceased person. Police checks confirmed that the vehicle belonged to Miss Quronfole who we established was a student at the university. On returning to her vehicle CAFT officers seized the badge. Miss Quronfoleh attended Court and pleaded Guilty to the offence of misusing a disabled badge. Miss Quronfoleh was fined £500 and ordered her to pay costs of £790 and a victim surcharge of £50.

Blue Badge Misuse - Mr Bohrer

During the course of a CAFT blue badge operation Mr Bohrer was found to be displaying a laminated copy of his friends blue badge.. As a result he was brought before Barnet Magistrate court where he pleaded guilty to offences of Fraud by false representation and of Making / supplying an article for use in fraud. Mr Bohrer was ordered to pay a victim surcharge of £60.00 and to pay costs of £85.00 to the Crown Prosecution Service. Some weeks later Mr Bohrer was again found to be using a copy of the same blue badge. As this was a second offence CAFT contacted the police who arrested him and he was again brought before Magistrates. Mr Bohrer was sentenced to 14 months imprisonment for offences contravening the Fraud Act 2006 and for perverting the course of justice. This case is a good example of CAFTs joint working with the Police service.

Blue Badge Misuse - Ms Wachmann

As a result of a referral from NSL officers who reported seeing a female park her vehicle and enter nearby building and after checking the badge identified that it belonged to an elderly male. CAFT officers attended the scene and located the driver who was Ms Wachmann. She confirmed she parked her vehicle displaying a relatives badge and went into her place of work The blue badge was seized due to the fact that her relative was not present at the time that the badge was being used. On the 16th August 2016, Ms Wachmann pleaded guilty by post to Willesden Magistrates Court and was fined £100 and ordered to pay costs of £525 as well as a victim surcharge of £20.

Blue Badge Misue - Ms Jones

In June 2016 CAFT officer conducted checks on vehicles displaying blue badges at NLBP. A vehicle was found to be displaying the badge of a deceased person. The driver of the vehicle returned whilst CAFT officers were still with the car and identified the driver as Ms Jones. She admitted to using a relatives blue badge and that she had used to park at work. The Badge holder had passed away in April 2015 but she failed to return the badge back to Harrow Council. Ms Jones pleaded Guilty via post to the offence of misusing a disabled badge. Ms Jones was fined of £800 and ordered her to pay costs of £842 and a victim surcharge of £80.

**London Borough of Barnet
Audit Committee Work
Programme - 2016-17**

Contact: Kirstin Lambert 020 8359 2177 kirstin.lambert@barnet.gov.uk

Subject	Decision requested	Report Of	Contributing Officer(s)
28 July 2016			
<p>Internal Audit Exception Recommendations Report and Progress Report up to June 2016</p>	<p>To consider summaries of specific Internal Audit reports as requested</p> <p>To consider reports dealing with the management and performance of the providers of Internal Audit services</p> <p>To consider a report from Internal Audit on agreed recommendations not implemented within a reasonable timescale</p> <p>To monitor the effective development and operation of risk management and corporate governance in the Council</p>	<p>Head of Internal Audit</p>	
<p>CAFT Q1 Quarterly Report (April – June 2016)</p>	<p>To monitor the effective development and operation of the Council's Corporate Anti-Fraud Team (CAFT)</p> <p>To consider regular anti-fraud progress reports and summaries of specific fraud issues and investigation outcomes</p>	<p>Assurance Assistant Director</p>	

Subject	Decision requested	Report Of	Contributing Officer(s)
External Auditor's Report under International Standard on Auditing (ISA) 260 for the year 2015/16	To consider the External Auditors report to those charged with governance on issues arising from the audit of the Council's accounts. The committee will also be asked to approve the audited Statement of Accounts 2015/16.	Director of Finance / Section 151 Officer)	
Annual Governance Statement	To oversee the production of the Authority's Annual Governance Statement and to recommend its adoption	Assurance Assistant Director	
Annual Report of the Audit Committee	The Audit Committee shall prepare a report to Full Council on an annual basis on its activity and effectiveness.	Chairman of Audit Committee	
3 November 2016			
Internal Audit Exception Recommendations Report and Progress Report up to 30 September 2016	To note the progress against internal audit recommendations and work completed to date on the Internal Audit Annual Plan 2016-17 and high priority recommendations.	Head of Internal Audit	
CAFT Progress Report Q2 (July – September 2016)	To note the the work undertaken by Corporate Anti-Fraud Team (CAFT) during the period 1st July 2016 – 30 September 2016.	Interim Assurance Director	
30 January 2017			

Subject	Decision requested	Report Of	Contributing Officer(s)
Internal Audit Exception Recommendations Report and Progress Report up to 31 January 2017	To note the progress against internal audit recommendations and work completed to date on the Internal Audit Annual Plan 2016-17 and high priority recommendations.	Head of Internal Audit	
Corporate Anti-Fraud Team (CAFT) Progress Report Q3 October 2016 - December 2016	To note the the work undertaken by Corporate Anti-Fraud Team (CAFT) during the period 1st July 2016 – 30 September 2016.	Assurance Assistant Director	
External Audit Annual Audit Letter 2015-16	To consider the External Auditor's Annual Audit Letter for 2014/2015 on the Council's position in respect of the Audit of the Accounts, Financial Performance, Value for Money and Financial Resilience.	Director of Finance / Section 151 Officer	
Grants Certification Work Report 2015/2016	To consider the report from the External Auditors on the Council's management arrangements in respect of the certification process for grants	Director of Finance / Section 151 Officer	
20 April 2017			
Internal Audit Annual Opinion 2016-17	Each year the work of Internal Audit is summarised to give an overall opinion on the system of internal control and corporate governance within the Council	Head of Internal Audit	

Subject	Decision requested	Report Of	Contributing Officer(s)
CAFT Annual Report 2016-17	The CAFT annual report provides a summary on the outcome of all CAFT work undertaken during 2016-17 including the objectives as set out in our annual strategy and work plan.	Assurance Assistant Director	
Internal Audit Exception Recommendations Report and Progress Report up to 31 March 2017	To note the progress against internal audit recommendations and work completed to date on the Internal Audit Annual Plan 2016-17 and high priority recommendations.	Head of Internal Audit	
Internal Audit and Anti-Fraud Strategy and Annual Plan 2017-18	To approve the 2016/17 Internal Audit & CAFT plan	Head of Internal Audit Assurance Assistant Director	
External Audit Planning Report 2017-18	This report advises the committee of BDO's audit planning report for 2016/17.	Director of Finance / Section 151 Officer External Auditors	
Items to be allocated			
Ad Hoc Audit Reports	To commission work from Internal and External Audit arising from the consideration of other scheduled reports subject to them being proportionate to risk identified and with agreement from the Chief Executive. To review any issue referred to the Committee by the Chief Executive, a Director or any Council body		

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