

MEETING

AUDIT COMMITTEE

DATE AND TIME

THURSDAY 2ND NOVEMBER, 2017

AT 7.00 PM

VENUE

HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4BG

TO: MEMBERS OF AUDIT COMMITTEE (Quorum 3)

Chairman: Councillor Hugh Rayner (Chairman),
Vice Chairman: Councillor Sury Khatri BSc (Hons) MSc (Lond) (Vice-Chairman)

Councillors

Councillor Geof Cooke	Councillor Arjun Mittra
Anthony Finn	Councillor Peter Zinkin
Kathy Levine	

Independent Members

Geraldine Chadwick
Richard Harbord

Substitute Members

Councillor Melvin Cohen	Councillor Eva Greenspan	Councillor Anne Hutton
Councillor John Marshal	Councillor Reema Patel	Councillor Alan Schneiderman

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

Andrew Charlwood – Head of Governance

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ASSURANCE GROUP

ORDER OF BUSINESS

Item No	Title of Report	Pages
1.	Minutes of last meeting	5 - 16
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 Report and Q2 Progress Report, 1 July - 30 September 2017	17 - 70
8.	Improvement Plan	71 - 80
9.	Accounts Preparation Timetable (verbal update)	
10.	External Auditor Progress Report (verbal update)	
11.	Corporate Anti-Fraud Team (CAFT) Q2 Progress Report 2017-18	81 - 92
12.	Audit Committee Work Programme, November 2017- April 2018	93 - 98
13.	Any item(s) the Chairman decides are urgent	

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Decisions of the Audit Committee

19 September 2017

Members Present:-

AGENDA ITEM 1

Councillor Hugh Rayner (Chairman)
Councillor Sury Khatri (Vice-Chairman)

Councillor Anthony Finn
Councillor Arjun Mittra
Councillor Peter Zinkin

Councillor Anne Hutton (In place of
Councillor Kathy Levine)
Councillor Alan Schneiderman (In place of
Councillor Geof Cooke)

Also in attendance

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

Apologies for Absence

Councillor Geof Cooke

Councillor Kathy Levine

1. ABSENCE OF MEMBERS (IF ANY)

Apologies for absence were received from Councillor Kathy Levine who was being substituted by Councillor Anne Hutton.

Apologies for absence were received from Councillor Geof Cooke who was being substituted by Councillor Alan Schneiderman.

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

None.

3. REPORT OF THE MONITORING OFFICER (IF ANY)

None.

4. PUBLIC QUESTION AND COMMENTS (IF ANY)

The Committee noted the details of the received public questions and the public answers which were published ahead of the meeting. Responses to the supplementary public questions were provided verbally by the Chairman and officers at the meeting. With regards to the question put forward by Ms Mary O'Connor (who was unable to attend the meeting), the supplementary question was asked by Ms Theresa Musgrove on her behalf

Both Mr Roger Tichborne and Mr John Dix addressed the Committee to make comments.

5. MEMBERS' ITEMS (IF ANY)

None.

6. CHAIRMAN'S COMMENT

The Chairman welcomed all to the extraordinary meeting and noted that he was keen to put the meeting in context and to allay any concerns.

He reported that in July the Committee had been presented with an interim external auditor's report, which had arrived late, meaning that no time had been given for its proper consideration. The extraordinary meeting had been arranged to consider the report.

The Chairman noted that the annual accounts on which the audit was based had not been produced in a form that could be easily audited. It had therefore taken BDO additional time and resources to get the accounts into auditable form. The Chairman was in discussion with the Section 151 officer to see whether Barnet could get recompense from Capita in regard to the poor shape in which the accounts were initially presented (he would ask the Section 151 officer to comment later). Nevertheless the Chairman felt that BDO had done a good job in producing the report in difficult circumstances. However time spent in some areas had left little time to spend in others - leaving some areas of the report a little thin. The Chairman was also concerned that in many instances the BDO had dwelt on the journey rather than the destination - the destination being a satisfactory audit with recommendations for improvement.

The Chairman added that he did not believe that BDO could have achieved this report without the considerable help and support provided by the Barnet finance team – in particular the Section 151 officer and her staff.

He noted that he was content about the state of Barnet's financial position but very concerned about the processes of collecting the financial data, consolidating the data and presenting it – not least to its external auditors. In light of this the Chairman had instructed the Section 151 officer to set up a review of these processes and to include this as an agenda item for the next meeting in November.

7. STATEMENT OF ACCOUNTS, EXTERNAL AUDITOR'S AUDIT COMPLETION REPORT AND ANNUAL GOVERNANCE STATEMENT FOR THE YEAR 2016/17

Mr Lloyd-Thomas, BDO external auditor, presented the Audit Completion Report which detailed the key findings arising from the audit.

With regards to the CIL billing system (page 18 of the Committee report), i.e generating a bill at the right point in time, '*....when the chargeable development commences....*', clarification was sought as to how this would be addressed. The Chairman confirmed that this would be considered for inclusion in the review coming back to Audit Committee meeting in November 2017. **[ACTION]**

With regards to the recovery of the outstanding Comer Homes debt (page 29 of the Committee report) the Section 151 Officer confirmed the Council is liaising with HB Public Law to ascertain the best legal route to pursue the debt. Further clarification was

sought on the agreement with Comer Homes, that is, (i) did they ever pay? and if so (ii) why did they stop (?). The Section 151 Officer confirmed that there was an agreement in place but would seek confirmation as to (i) whether any payments were made (ii) when they stopped and (iii) why they stopped? The Audit Committee would be updated at the November meeting. **[ACTION]**

With regards to the Heritage assets (Immaterial disclosures) (page 39 of the Committee report) the Committee agreed they would like to see full details and information on this included in Statement of Accounts. **[ACTION]**

With regards to 'Objections and Information from Members of the Public' Mr Lloyd-Thomas confirmed none of the objections were material to the accounts and as such the work on them did not have to be completed ahead of giving the opinion.

With regards to Council's position in relation to Lender Option Borrower Option (LOBOs) the Section 151 Officer confirmed she would seek clarification and report back to the Committee in November. **[ACTION]**

With regards to page 76 Appendix VI: Draft Representation Letter, The Chairman, duly seconded by Councillor Finn, proposed the following amendment

Final paragraph (page 79 of the Committee report), last sentence change from;

Each director and member has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

To:

The Director of Resources has taken all steps that they ought to have taken as a director and members of the Audit Committee have provided scrutiny to assure themselves of any relevant audit information and to establish that you are aware of that information.

Upon being put to the vote the amendment was carried and would form an additional recommendation (5).

With regards to the review on the processes involved in producing the accounts, auditing them and the subsequent improvement plan, the Chairman, duly seconded by Councillor Khatri, proposed the following additional recommendation;

That the Director of Resources, under their remit as S151 officer, bring back an improvement plan to the next Audit committee meeting in November which would address some of the key weaknesses, also picked up in the auditor recommendations, that had led to us having to have this additional meeting. The review should involve CSG, the external auditors and the Assurance Director to ensure all processes involved in producing the accounts, auditing them and reaching a value for money opinion are covered. This improvement plan should incorporate the recommendations made by the external auditor in Appendix II (page 66 of the Committee report).

Upon being put to the vote the amendment was carried and would form an additional recommendation (6).

With regards to Recommendation 1, Councillor Zinkin, duly seconded by Councillor Khatri, proposed the following amendment;

That the Committee approve the Statement of Accounts for 2016/17 **and the draft representation letter** and recommend that they be signed by the Chairman and the Director of Resources (Statutory 151 Officer) on behalf of the Council.

Upon being put to the vote the amendment was carried.

RESOLVED -

1. That the Committee approve the Statement of Accounts for 2016/17 and the draft representation letter and recommend that they be signed by the Chairman and the Director of Resources (Statutory 151 Officer) on behalf of the Council.
2. That the matters raised by the external auditor relating to detailed aspects of the 2016/17 accounts audit be noted.
3. That the management responses to recommendations made by the external auditor be noted.
4. That the Annual Governance Statement 2016/17 be noted.
5. That on page 79, Appendix VI: Draft Representation Letter, last sentence of the of the final paragraph be amended to read; *Director of Resources has taken all steps that they ought to have taken as a director and members of the Audit Committee have provided scrutiny to assure themselves of any relevant audit information and to establish that you are aware of that information.*
6. That the Director of Resources, under their remit as S151 officer, bring back an improvement plan to the next Audit committee meeting in November which will address some of the key weaknesses, also picked up in the auditor recommendations, that have led to us having to have this additional meeting. The review should involve CSG, the external auditors and the Assurance Director to ensure all processes involved in producing the accounts, auditing them and reaching a value for money opinion are covered. This improvement plan should incorporate the recommendations made by the external auditor in Appendix II (page 66 of the Committee report).

8. **ANY ITEM(S) THE CHAIRMAN DECIDES ARE URGENT**

None.

The meeting finished at 9.20 pm

Decisions of the Audit Committee

27 July 2017

Members Present:-

Councillor Hugh Rayner (Chairman)
Councillor Sury Khatri (Vice-Chairman)

Councillor Geof Cooke	Councillor Peter Zinkin	
Councillor Anthony Finn	Councillor Anne Hutton	(In place of
Councillor Arjun Mittra	Councillor Kathy Levine)	

Also in attendance

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

Apologies for Absence

Councillor Kathy Levine

1. MINUTES OF LAST MEETING

RESOLVED - That the minutes of the meeting held on 20 April 2017 be approved as a correct record.

2. ABSENCE OF MEMBERS (IF ANY)

Apologies for were received from Councillor Kathy Levine , Councillor Anne Hutton was subsisting

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

Councillor Arjun Mittra declared a pecuniary interest in Item 7, Internal Audit Exception Recommendations Report and Q1 Progress Report 1st April to 30th June 2017 Nursery Places – Free Early Education Funding, as his mother is nurse owner and as such her business is in receipt of funding for the free minutes. Councillor Mittra left the room during the discussion of this item.

Councillor Arjun Mittra declared a non - pecuniary interest in Item 7, Internal Audit Exception Recommendations Report and Q1 Progress Report 1st April to 30th June 2017 - Appendix B: Summary of The Barnet Group Internal Audit Annual Report 2016/17 – as he is a Barnet Home tenant.

Councillor Arjun Mittra declared a non-pecuniary interest in Item 9, Draft Governance Annual Statement - Electoral Services – Electoral Registration and Elections Continuous Improvement as he an employee of Andrew Dismore AM.

Councillor Peter Zinkin declared a non - pecuniary interest in Item 7, Internal Audit Exception Recommendations Report and Q1 Progress Report 1st April to 30th June 2017 as he is involved with the Charity about to start nursery.

Councillor Anne Hutton declared a non - pecuniary interest in Item 7, Internal Audit Exception Recommendations Report and Q1 Progress Report 1st April to 30th June 2017 as she a member of the Barnfield Children's Centre Advisory Board.

4. REPORT OF THE MONITORING OFFICER (IF ANY)

None.

5. PUBLIC QUESTION AND COMMENTS (IF ANY)

The Committee noted the details of the received public questions from Mr Dix in relation to item 11 and the public answers which were published ahead of the meeting. Responses to the supplementary public questions were provided verbally by the Chairman and Officers at the meeting.

6. MEMBERS' ITEMS (IF ANY)

None.

11. EXTERNAL AUDITOR'S REPORT UNDER INTERNATIONAL STANDARD ON AUDITING (ISA) 260 FOR THE YEAR 2016/17

By way of introduction Mr Lloyd-Thomas from BDO, external auditor apologised to the Committee for the lateness of the interim report which resulted in Members being left with insufficient time to consider the interim report. He explained to the Committee that they'd been unable to close down the issues that had arisen in the time available and as consequence unable to present a final position report to the Committee.

Mr Lloyd-Thomas clarified that they had only recently become aware of the OFSTED report (which was not part of the original risk assessment) and as such the focus had been more on the accounts audit rather than the Use of Resources. He further clarified for the Committee that this would have been picked up before the final report was issued as part of the process involves looking at recent reports published by the relevant regulatory bodies including OFSTED inspections.

Mr Lloyd-Thomas and Mr Jody Etherington proceeded to present the interim report which detailed the key findings arising from the audit. The Committee were provided with updates that had been received since the publication of the report on key issues identified.

With regards to the audit finding referencing '*.....high level of manual intervention....*' on page 23 of the supplementary pack, Changes in presentation of the financial statement, the Assistant Director of Finance, CSG confirmed that reducing the level of manual intervention required would be picked up as part of the improvement plan **[ACTION]**

With regards to the audit finding referencing '*.....declarations have not been received from 7 current Members of the Council*' on page 26 of the supplementary pack,

Consideration of party related functions, Mr Etherington updated the Committee that there were now only 5 members with outstanding declarations.

With regards to the OFSTED inspection, Mr Lloyd-Thomas clarified for the Committee that this would be reported as a '*qualified use in resource opinion*' rather than a '*clean opinion*'. He referred to guidance that sets out where OFSTED finds a service as failing service that has to be reported as a failure within the governance of the Council.

With regards to the Pension Fund Committee meeting taking place in September the Director of Resources confirmed that the Committee would receive the revised Pension Fund Accounts and the auditor's report on the Pension Fund. **[ACTION]**

The Committee requested that the issues around the errors in the accounts and a review as to whether the key performance indicators are adequate are brought to the attention of the Performance and Contract Management Committee **[ACTION]**

The Committee further requested that the Chairman write the Chief Executive of the Council expressing their concern at (i) the failure of the external Auditors to deliver the accounts audit within the agreed time table and (ii) that the process followed by the external auditors in terms of servicing the Committee which would should allow the Committee function effectively, did not work **[ACTION]**

As the statutory deadline for signing off the accounts is 30th September the Chairman, duly seconded by Councillor Khatri, proposed a motion that an additional meeting should be convened on Tuesday 19th September 2017 to consider the final accounts and moved an additional and new recommendation 2.

A separate vote was taken on the recommendations 1 and the new recommendation 2.

Recommendation 1:

- 1. That the Committee consider the Statement of Accounts 2016/17 and recommend that they be signed by the Chairman and the Director of Resources (Statutory 151 Officer) on behalf of the Council when the audit is complete and the ISA260 report is produced, unless there are any significant unadjusted changes that would affect the true and fair value assessment of the auditors.**

Upon being put to the vote the recommendation was lost.

New recommendation 2:

- 2. That the Committee note that, should the above recommendation 1 not be agreed, then an additional meeting to consider the 'outstanding items' be scheduled for no later than 19 September 2017.**

Upon being put to the vote the recommendation was carried.

RESOLVED –

- 1. That the Committee agreed to an additional meeting to consider the 'outstanding items' be scheduled for no later than 19 September 2017.**

2. That the matters raised by the external auditor relating to detailed aspects of the 2016/17 accounts audit be noted.

7. INTERNAL AUDIT EXCEPTION RECOMMENDATIONS REPORT AND Q1 PROGRESS REPORT - 1ST APRIL TO 30TH JUNE 2017

The Assurance Director presented the report in conjunction auditor Mr Matthew Cavanagh, auditor PwC. She drew the Committee's attention to the new report format and welcomed any comments/feedback/comment from Committee on the format.

Some minor corrections were made to the following sections on page 16;

1.3.2 A total of ~~44~~**15** actions have been followed up this quarter. ~~7~~ **8** actions have been implemented (~~50%~~) **(53%)** and 7 have been partially implemented (50%). Progress is summarised in Section 4.

1.4.1 As part of our regular reporting to you, we plan to keep you up to date with the emerging information relevant to local government risk, governance and control. We have included a summary of publications which may be of interest at ~~Appendix A~~ **Appendix B**

Community Infrastructure Levy (CIL) and Section 106 (S106) – Phase I, Income – Limited Assurance

The Assurance Director confirmed that in relation to the high priority findings evidence had been received that the actions have now been completed and implemented.

With regards CIL charge identification (finding 4, medium) clarification was sought on (i) whether the council may have forgone some income on those schemes that had not been '*...marked eligible applications as 'CIL liable' in the Uniform system and therefore a CIL charge was not created.*' (ii) if so how much? and (iii) could the income still be recovered? **[ACTION]**

In addition to the above the Assurance Director agreed to follow up on the medium priority findings and report them back to the next ordinary meeting of the Committee in November. **[ACTION]**

Nursery Places – Free Early Education Funding – Limited Assurance

The Operational Director (Early Help, CIN, & Protection) confirmed for the Committee that there is an action plan in place which is now in the process of being implemented.

She explained to the Committee the process of how those children who are eligible for free early education are identified to the local authority, how the places are offered and the funding process.

With regards to 'Headcount' she clarified that a list is provided by the provider on how many children are attending on that particular day and as such the information is only reflective of a particular moment in time and would not capture how many children have attended over the course of the week.

With regards to training providers she clarified that local authorities are not permitted to impose standards, provide training development or any improvement work around

standards – that should be provided internally. There is statutory guidance produced by the Department of Education to which nursery providers can be directed to.

The Assurance Director made the following minor correction with regards to page 20 Section 3.0 Progress against plan, Nursery places – Free Early Education Funding; of the 7 completed finding the rating were;

1 High

3 ~~4~~ Medium

2 ~~4~~ Low

1 advisory

With regards to the N/A report classification on page 21 of the committee papers the Committee requested if an alternative classification could be used that conveys and informs them more clearly to what the status is. **(ACTION)**

Estates Health and Safety follow up

The Assurance Director informed the Committee that page 24 of the committee papers additional evidence had been received since the report was published confirming that 4/5 high priority recommendations had been implemented. As a consequence the recommendation at the bottom of page 25 was now also implemented. Further evidence had also been received confirming that the low priority recommendation had been implemented.

The Head of Estates LBB confirmed for that with the exception of one outstanding action which is not due to be delivered until the end of August and relates to the submission of a change request of contract, the other actions arising from the audit report had now been closed down.

Regarding fire risk assessments he clarified that these had been conducted across the entire estate and any works arising from those inspections had been scheduled into the annual work plan.

Anything that is rated high risk is statutory and is dealt with immediately and low risk becomes advisory from a risk assessment.

Regional Enterprise (Re): Operation Review, Phase 2: Operating Effectiveness

With regards to the 'backlog officer' referenced on page 26 of the Committee papers, clarification was sought as to whether this position was intended to be permanent or temporary posting **(ACTION)**

Community Infrastructure Levy (CIL) and Section 106 (S106) – Phase I, Income (April 2017)

With regards to the SPOB on Page 28 of the Committee papers, clarification was sought on who or what this was? Further clarification was sought in relation to reference 'management' - , is this LBB management or Capita management? **(ACTION)**

Summary of The Barnet Group Internal Audit Annual Report 2016/17

Mr Mike Gerrard, Finance Director Barnet Group introduced the report.

With regards to the Tenancy Fraud referenced in the report the Assurance Director clarified that it relates to the tenancy audit that the Barnet Group housing officers undertake rather than tenancy fraud work the Corporate Anti-Fraud Team (CAFT) undertake.

As this was the first time such a report was presented, the Committee agreed that unless there were any significant changes or key significant issues this only needs to be reported by exception.

RESOLVED - That the Committee note the work completed to date on Internal Audit Q1 progress report - 1st April to 30th June 2017.

8. CORPORATE ANTI-FRAUD TEAM (CAFT) Q1 PROGRESS REPORT - 2017-18

The Head of Counter Fraud operations introduced the report which provides the Committee with an update of work undertaken by the Corporate Anti-Fraud Team (CAFT) during the quarter.

Tenancy Fraud

The Committee were informed that as of April 2017 CAFT were now checking all 'right to buy' cases that Barnet Homes receive. This involves carrying out a verification process to ensure there is no money laundering involved or influence from organised activity.

He clarified for the Committee that a key fob exercise is an exercise carried out with Barnet Homes housing officers who are able to gain access to a block of flats via a key fob. This gives CAFT access they previously did not have and forms part of the clarification process.

He further clarified that with regards to planning fraud it is very much dependent on the circumstances of the case. For example if someone submits information misrepresenting themselves or another party and by that material representation made a gain that would be looked as a fraud.

RESOLVED - That the Committee note the CAFT Progress Report covering the period 1st April – 30 June 2017.

9. DRAFT ANNUAL GOVERNANCE STATEMENT

The Assurance Director introduced the report which is a statutory report and summarises the key processes the council uses to deliver systems of control, governance and assurance across its functions.

She clarified for the Committee that this Annual Governance Statement is aligned to the 2012 – 2016 CIPFA Code of Delivering Good Governance and that the current Code of Corporate Governance is included within the Constitution and is in the process of being reviewed and updated in accordance with new CIPFA/SOLACE revised guidance and principles issued at the end of 2016 for adoption and implementation with the Council during 2017/18.

Councillor Cooke proposed duly seconded by Councillor Mittra the following amendment to the opening paragraph at the top of page 61 of the committee papers

While recognising that the resources deployed are set by the Council's budget.

The revised paragraph to read;

It is a statutory requirement that the process of administering and running elections is held entirely separately from politicians, ***while recognising that the resources deployed are set by the Council's budget.***

The Assurance Director clarified that depending on the election there was a grant given by the Cabinet Office to fund elections and that costs can be recovered in most elections (European, GLA, Parliamentary) with the exception of local elections which are funded by the council through a dedicated local election reserve.

The Chairman put Councillor Cooke's amendment to the vote which was as follows;

For 3

Against 4

The amendment was lost.

The Assurance Director clarified that the 'We' referred to in the 5th paragraph, page 61 of the committee report, refers to management and undertook to amend the wording so that it is explicitly set out as such **[ACTION]**

Final paragraph on page 61 of the committee report the Committee requested if the wording could be amended to reflect that the Returning officer referred is the 'current' returning officer **[ACTION]**

Subject to the above the Committee;

RESOLVED - That the Committee comment on and approve the Annual Governance Statement for inclusion within the Statement of Accounts for 2016/17

10. ANNUAL REPORT OF THE AUDIT COMMITTEE

The Chairman provided a brief introduction.

RESOLVED - That the Committee recommend Full Council to note and approve the Annual Report of the Audit Committee for 2016-17 as an accurate record of the outcomes and work programme for the year.

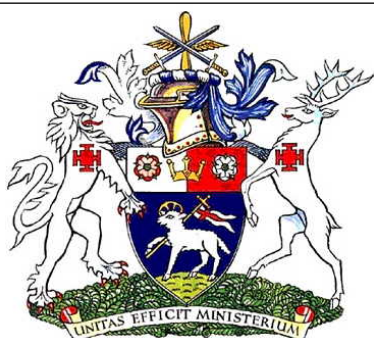
12. AUDIT COMMITTEE WORK PROGRAMME - 2017/18

The Committee noted the work programme for 2017-18.

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

The meeting finished at 9.57 pm

AGENDA ITEM 7



Audit Committee

2nd November 2017

Title	Internal Audit Exception Recommendations Report and Q2 Progress Report 1st July to 30th September 2017
Report of	Caroline Glitre – Head of Internal Audit
Wards	N/A
Status	Public with exempted Appendix
Enclosures	Appendix 1 - Internal Audit Q2 progress report (1 st July to 30 th September 2017) Appendix 2 (exempt) - Prevent follow-up audit report Not for publication by virtue of Sections 100A-H and Schedule 12A Local Government Act 1972
Officer Contact Details	Caroline Glitre, Head of Internal Audit caroline.glitre@barnet.gov.uk 020 8359 3721

Summary

Members are asked to note Appendix 1, which reports the progress against internal audit recommendations and work completed to date on the Internal Audit & Corporate Anti-Fraud Team (CAFT) Plan 2017-18 and high priority internal audit recommendations.

We have completed 34 audits, [34%] of our 2017/18 internal audit programme for the year, 16 of which were delivered in Q2, which is below the target for the agreed profile for our work.

The reporting of this PI currently represents the number of audits at final report stage divided by the number of planned audits for the year to date. Any 'work in progress' is currently not taken into consideration when measuring performance. This means that in the majority of our quarterly reports we appear to be not meeting our target; however this could be misleading as we are comfortable that we will meet the target by year end due to there being a number of other audits underway. We propose changing the reported figure to include recognition of the work underway as follows:

If at 'draft report' stage, we would consider this to be 90% complete

If at 'fieldwork' stage, we would consider this to be 50% complete

If at 'planning' stage, we would consider this to be 20% complete

Detail has been presented within the report on audits that were given 'No' or 'Limited' assurance in Q2:

		Assurance rating
1	Regeneration – Benefits Realisation	Limited
2	Menorah High School for Girls	Limited

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 report also includes summaries of the following reviews completed in the quarter:

- IT Risk Diagnostic
- General Data Protection Requirements readiness assessment
- IT Change Management follow-up
- Follow-up of high priority recommendations due in the quarter
- As requested at the July Audit Committee, follow-up of medium priority recommendations on:
 - Nursery Places - Free Early Education Funding
 - Community Infrastructure Levy (CILS) and Section 106 (S106) – Phase I, Income
- Follow-up of Contract Register Maintenance medium priority recommendations; our 2017/18 plan included resource for following up a selection of medium priority recommendations during the year.

Family Services audits

As part of the 2017/18 audit plan agreed by the Audit Committee in April 2017, we proposed to undertake a number of audits relating to Family Services. As reported to the Audit Committee in Q1, due to the Council having been inspected by Ofsted during the quarter, those audits planned for Q1 were provisionally moved to later in the year.

Since the Ofsted inspection, we have been working with the Director of Children's Services and the Inspection & Improvement Lead to agree the most effective way for internal audit to support the Family Services Improvement Programme.

We are seeking Audit Committee agreement to the following proposed change to the 2017/18 audit plan. We will report back to the Audit Committee against this on a quarterly basis:

Provisional audit title	Provisional timing	Plan section	Proposal November 2017
Council Support for Children's Safeguarding (Conditions for Success)	Q1 and Q2	Cross-cutting	<ul style="list-style-type: none"> Utilise this audit resource to support delivery of the Improvement Plan by mapping previous relevant audit recommendations to the improvement plan to ensure they are followed up 'Embedded assurance' - be part of the governance structure that will support implementation of the Improvement Plan e.g. by challenging performance data and project management arrangements Undertake to provide independent assurance that progress being reported against the Improvement Plan is supported by evidence Create 'Safeguarding Assurance Map' Liaise with the Independent Chair of the Improvement Board to keep him informed as to progress
Safeguarding – Health Visitors and School Nurses	Q1	Public Health	
Domestic Violence	Q1	Cross-cutting	
Vulnerable Adolescents	Q3	Cross-cutting	
Review of post-Ofsted visit Practice Improvement plan	Q4	Family Services	

Prevent

During the quarter we completed our follow-up review of the council's arrangements for the Prevent aspect of the Contest Framework, the Government's overall counter terrorism strategy. The full report is provided to Members as an exempt paper at Appendix 2.

As per the Access to Information Procedure Rules this item is exempt as it falls under the following category:

- Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

Recommendations

1. That the Committee note the work completed to date on Internal Audit Q2 progress report - 1st July to 30th September 2017.
2. That the Committee approves the change in measurement of Progress Against the Plan to incorporate consideration of work in progress.

3. That the Committee approves the proposed changes to the 2017/18 audit plan for Family Services detailed above.
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1. WHY THIS REPORT IS NEEDED

- 1.1 The Audit Committee's role in receiving this report is to note the overall progress made against the 2017-18 Internal Audit Plan and the high priority recommendations made. In addition, the Audit Committee can inquire of Directors and Assistants Directors as to their progress against recommendations.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The Audit Committee approved the Internal Audit Plan 2017-18 in April 2017 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 2017-18 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 internal audit findings are analysed alongside finance and performance information it can provide management with the ability to assess value for money.
- 5.2.2 The Internal Audit Plan 2017-18 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 20 April 2017 (Decision Item 10) – the Audit Committee approved the Internal Audit and Anti-Fraud Strategy and Annual Plan 2017-18.

<https://barnetintranet.moderngov.co.uk/documents/g8829/Printed%20minutes%2020th-Apr-2017%2019.00%20Audit%20Committee.pdf?T=1>

Internal Audit – London Borough of Barnet

Appendix 1



Internal Audit Progress Report 1 July – 30 September 2017



Cross Council Assurance Service

1.0 Summary

1.1 Purpose of this report

1.1.1 We are committed to keeping the Audit Committee up to date with Internal Audit progress and activity throughout the year. This summary has been prepared to update you on our activity since the last meeting of the Audit Committee and to bring to your attention any other matters that are relevant to your responsibilities.

1.2 Progress against the 2017/18 internal audit plan

1.2.1 We have completed 34 audits, [34%] of our 2017/18 internal audit programme for the year, 16 of which were delivered in Q2, which is below the target for the agreed profile for our work. Please see Appendix A for further narrative on our performance indicators (PIs).

1.2.2 The reporting of this PI currently represents the number of audits at final report stage divided by the number of planned audits for the year to date. Any 'work in progress' is currently not taken into consideration when measuring performance. This means that in the majority of our quarterly reports we appear to be not meeting our target; however this could be misleading as we are comfortable that we will meet the target by year end due to there being a number of other audits underway. We propose changing the reported figure to include recognition of the work underway as follows:

If at 'draft report' stage, we would consider this to be 90% complete

If at 'fieldwork' stage, we would consider this to be 50% complete

If at 'planning' stage, we would consider this to be 20% complete

1.2.3 In line with our reporting protocol with the Audit Committee we present any no assurance or limited assurance reports for discussion. For this Audit Committee, we present the following final reports:

- **Regeneration – Benefits Realisation** – Limited Assurance
- **Menorah High School for Girls** – Limited Assurance

1.3 Findings of our Follow Up Work

1.3.1 We have undertaken follow up work on all high priority actions with an implementation date of 30th September 2017 or sooner. We have discussed with management the progress made in implementing actions falling due in this period and have sought evidence to support their response.

1.3.2 A total of 25 high priority actions have been followed up this quarter. 18 actions have been implemented (72%) and 7 have been partially implemented (28%).

1.3.3 As requested at the July Audit Committee, we have followed-up the medium priority recommendations on:

- Nursery Places - Free Early Education Funding

- Community Infrastructure Levy (CILS) and Section 106 (S106) – Phase I, Income
- 1.3.4 Our 2017/18 plan included resource for following up a selection of medium priority recommendations during the year; in Q2 we have undertaken a follow-up of Contract Register Maintenance medium priority recommendations.
- 1.3.5 Progress is summarised in Section 4.

1.4 Other Matters

1.4.1 Family Services audits.

As part of the 2017/18 audit plan agreed by the Audit Committee in April 2017, we proposed to undertake a number of audits relating to Family Services. As reported to the Audit Committee in Q1, due to the Council having been inspected by Ofsted during the quarter, those audits planned for Q1 were provisionally moved to later in the year.

Since the Ofsted inspection, we have been working with the Director of Children's Services and the Inspection & Improvement Lead to agree the most effective way for internal audit to support the Family Services Improvement Programme.

We are seeking Audit Committee agreement to the following proposed change to the 2017/18 audit plan. We will report back to the Audit Committee against this on a quarterly basis:

Provisional audit title	Provisional timing	Plan section	Proposal November 2017
Council Support for Children's Safeguarding (Conditions for Success)	Q1 and Q2	Cross-cutting	<ul style="list-style-type: none"> Utilise this audit resource to support delivery of the Improvement Plan by mapping previous relevant audit recommendations to the improvement plan to ensure they are followed up 'Embedded assurance' - be part of the governance structure that will support implementation of the Improvement Plan e.g. by challenging performance data and project management arrangements Undertake to provide independent assurance that progress being reported against the Improvement Plan is supported by evidence Create 'Safeguarding Assurance Map'
Safeguarding – Health Visitors and School Nurses	Q1	Public Health	
Domestic Violence	Q1	Cross-cutting	

Vulnerable Adolescents	Q3	Cross-cutting	<ul style="list-style-type: none"> Liaise with the Independent Chair of the Improvement Board to keep him informed as to progress
Review of post-Ofsted visit Practice Improvement plan	Q4	Family Services	

1.5 Recommendations

- That the Audit Committee notes the progress made against our 2017/18 Internal Audit Programme.
- That the Audit Committee approves the change in measurement of Progress Against the Plan detailed at 1.2.2 above.
- That the Audit Committee approves the proposed changes to the 2017/18 audit plan for Family Services detailed at 1.4.1 above.

2.0 No and Limited Assurance reports issued since the previous meeting

Regeneration Benefits Realisation – Limited Assurance

Number of findings by risk rating

Critical	-
High	2 (Findings 1-2)
Medium	-
Low	-
Advisory	-

Summary

'Benefits Realisation' is the process for the identification, definition, tracking, realisation and achievement of benefits resulting from a programme of change or an investment (for example a project). Effective benefits realisation planning enables organisations to justify the reasons for a change and/or investment and the measurement of achievement to ensure that planned benefits will be, and have been, delivered.

Barnet's Growth and Regeneration Programme aims to support the Council in becoming financially sustainable by maximising local sources of revenue, including council tax, business rates and capital receipts. The programme hopes to see £6 billion of private sector investment over the next 25 years, which will facilitate over 27,000 new homes and up to 30,000 new jobs. It also aims to generate £17 million of additional income annually for the Council by 2020 through additional council tax receipts and business rates; and one off income of £55 million generated from capital receipts. Outcomes from the Growth and Regeneration Programme impact not only the Council but a number of its partner organisations.

We selected three regeneration schemes for our review and only investigated the benefits realisation processes in place for each programme. All three programmes were initiated before the Council's current Corporate Project Management Toolkit was in place. Whilst the underlying tools and templates used to support effective management and governance of projects had been updated in line with the Toolkit, we did identify issues relating to the understanding and application of benefits management tools by those responsible for project and programme management, which is linked to a lack of formal training in benefits management for regeneration project managers. Issues were identified in relation to the management of the whole cycle of benefits identification, monitoring and realisation: it is not being delivered in line with the toolkit and therefore does not support effective benefits realisation. There is a need to upskill project managers to enable them to embed the Council's benefits management tools effectively into business as usual project and programme management.

The Council's Growth and Regeneration Programme includes ambitious objectives which are key to the Council's strategy. To achieve these aims for the overarching programme, benefits identification, monitoring and realisation must be carried out effectively for individual projects within the programme. Failure to realise benefits at an individual project level can mean that the benefits identified for the overarching programme are no longer achievable and the Council cannot justify its investment decisions and maximise outcomes from them.

Our high risk findings were:

Benefits identification and definition (Finding 1, high) – We found that planned benefits for the three projects reviewed had not been fully defined and were therefore unable to determine how the Council would be able to fully articulate the planned benefits of projects and fully justify its investment decisions.

Benefits monitoring, measurement and realisation (Finding 2, high) – We found controls were not in place for benefits to be effectively measured and monitored to ultimately demonstrate realisation. We were therefore unable to determine how the Council would be able to fully determine whether projects were on track to deliver the intended benefits and therefore whether the projects remained viable.

Management accepted our findings and agreed appropriate actions to be implemented by 28 February 2018

Menorah High School for Girls – Limited Assurance

Number of findings by risk rating

Critical	0
High	1 (Finding 1)
Medium	8 (Findings 2-9)
Low	1
Advisory	0

Summary

Menorah High School for Girls is a Voluntary Aided school with 247 pupils on role aged between 11 and 18 years of age. The School budgeted expenditure for 2017/18 is £1,957,145 with employee costs of £1,659,360 (85% of budgeted expenditure).

The School entered the state sector in April 2016. Prior to this it was an independent school. It has not been inspected by Ofsted.

This is the first audit by the Local Authority.

We were able to give '**Limited**' Assurance to the school, noting one high, eight medium priority, and one low priority issue as part of the audit.

Our high risk finding was:

- **Purchasing (finding one, high risk)** - Purchase order forms were not completed for all relevant expenses. These costs are not recorded as a committed expense, and this procedure has not been agreed by the Governors. Procedures when using the school credit card should be reviewed, documented and agreed by Governors to ensure a complete audit trail, separation of duties and proof of receipt of goods. Delivery notes should always be signed.

Our medium risk findings were:

- **Governance (finding two, medium risk)** – The financial management policy and procedures document should be updated and approved by Governors to include delegated financial responsibilities, agreed

procedure when using of the school credit card, and reference to Barnet's Contract Standing Orders for Schools.

- **Governance (finding three, medium risk)** – The website should be updated to comply with the requirement to publish Governor Details and the Register of interests.
- **Budget Monitoring (finding four, medium risk)** – The school should set a well-informed and balanced budget each year, including income from Governors if appropriate to reimburse the school funds for costs incurred in the provision of Jewish studies. Committed expenses should be included on Budget monitoring reports.
- **Contracts (finding five, medium risk)** – A signed contract was not available for the security contract. There was no evidence of review of the cleaning contract. Contract specification details for the cleaning contract were not available in school for referral where necessary for contract monitoring purposes.
- **Banking and Petty cash (finding six, medium risk)** – The school has entered into a finance contract. This is not allowed in the Scheme for financing schools. The school should seek approval for the credit card. Identified posting errors on the bank reconciliation should be cleared on a timely basis.
- **Taxation (finding seven, medium risk)** – The school should seek advice to confirm the correct treatment of VAT.
- **Assets (finding eight, medium risk)** – The IT inventory was not found to be complete. No dates of purchase, supplier or cost of purchase were noted on the inventory.
- **Pupil Premium (finding nine, medium risk)** – Pupil premium income and expenditure was not accurately reported and disclosed.

Management accepted our findings and agreed appropriate actions to be implemented by Spring term in 2018 at the latest. The high priority finding will be addressed during the Autumn term and we will follow-up to confirm that the agreed action has occurred.

3.0 Progress against plan

Stage	Name of review	Report classification	Total findings	Ratings				
				Critical	High	Medium	Low	Advisory
Quarter 2								
Completed	Regeneration – Benefits Realisation	Limited	2	-	2	-	-	-

Completed	Menorah High School for Girls	Limited	10	-	1	8	1	-
Completed	Friern Barnet School	Reasonable	6	-	1	2	3	-
Completed	Woodcroft School	Reasonable	5	-	1	1	3	-
Completed	Planning Applications and Enforcement (Joint with CAFT)	Reasonable	8	-	-	5	1	2
Completed	Cromer Road School	Reasonable	6	-	-	2	4	-
Completed	Core HR Upgrade	Substantial	3	-	-	1	2	-
Completed	Prevent	Management letter issued and followed up – see section 3.3						
Completed	Prevent Follow-Up	Follow-up report issued – see exempt report appendix 2						
Completed	IT Change Management Follow-Up	Follow-up report issued – see section 4.2						
Completed	IT Risk Diagnostic	Management letter issued – see section 3.1						
Completed	GDPR Readiness Review	Management letter issued – see section 3.2						
Completed	Disabled Facilities Grant (DFG) 2016/17	Claim verified						
Completed	Disabled Facilities Grant (DFG) 2017/18	Claim verified						
Completed	Bus Subsidy Grant	Claim verified						
Completed	Troubled Families – Payments By Results	Claim verified						
Draft Report	Education, Health & Care Plans	TBC	-	-	-	-	-	-
Draft Report	Barnet Group Assurance Mapping	TBC	-	-	-	-	-	-
Draft Report	Purchase Cards follow-up	TBC	-	-	-	-	-	-

Draft Report	Transformation - Benefits Realisation	TBC	-	-	-	-	-	-
Draft report	Eligibility to Work - Pre-Employment Checks (Non-Schools) (Joint with CAFT)	TBC	-	-	-	-	-	-
Draft report	Special Project Initiation Requests (SPIRs)	TBC	-	-	-	-	-	-
Draft report	Childs Hill School	TBC	-	-	-	-	-	-
Fieldwork	Pensions Admin	TBC	-	-	-	-	-	-
Fieldwork	Performance Management Framework (Advisory)	TBC	-	-	-	-	-	-
Fieldwork	Commercial – Contract Management Toolkit (Advisory)	TBC	-	-	-	-	-	-
Fieldwork	Eligibility to Work - Pre-Employment Checks (Schools) (Joint with CAFT)	TBC	-	-	-	-	-	-
Fieldwork	SWIFT to Mosaic Data Migration	TBC	-	-	-	-	-	-
Fieldwork	Income Generation (Advisory)	TBC	-	-	-	-	-	-
Fieldwork	S106 / CILs expenditure	TBC	-	-	-	-	-	-
Fieldwork	Cambridge Education governance including contract management	TBC	-	-	-	-	-	-
Fieldwork	Performance Reviews (operating effectiveness)	TBC	-	-	-	-	-	-
Planning	Emergency Planning Note: through discussions with management we have agreed to split this into two separate reviews, one of Emergency Planning and one of Business Continuity, both of which are now at the planning stage	TBC	-	-	-	-	-	-
Planning	Business Continuity	TBC	-	-	-	-	-	-
Planning	Better Care Fund - development of protocol for joint Internal Audits with the Clinical Commissioning Group	TBC	-	-	-	-	-	-
Planning	Public Health Delivery Model 2018 Onwards	TBC	-	-	-	-	-	-

Planning	CSG 3 Year review – KPI baselines	TBC	-	-	-	-	-	-
Planning	Elections Management – Annual Canvass	TBC	-	-	-	-	-	-
Planning	Council Tax	TBC	-	-	-	-	-	-
Planning	NNDR	TBC	-	-	-	-	-	-
Planning	Housing Benefit	TBC	-	-	-	-	-	-
Deferred	Investing in IT – Lessons Learnt (Advisory) Due to further delays with the full delivery of this project we have deferred this review	TBC	-	-	-	-	-	-
Deferred to Q4	Street Scene Capacity & Capability (Advisory) This has been deferred until Q4 to enable the new Street Scene Director to have been in post for 6 months prior to the review.	TBC	-	-	-	-	-	-
Deferred to Q4	Customer Transformation Programme This has been deferred to Q4 due to delays with the launch of the new version of the MyAccount system.	TBC	-	-	-	-	-	-
Deferred to Q4	Highways DLO This has been deferred to Q4 due to delays with the introduction of the DLO's new operating model.	TBC	-	-	-	-	-	-
Deferred to 2018/19	Project & Programme Management toolkits We have agreed to defer this to 2018/19 whilst the Council develops a toolkit for Agile project management.	TBC	-	-	-	-	-	-
On Hold	Strength Based Practice (SBP) This is on hold to avoid potential duplication with the Transformation Benefits Realisation audit which includes the SBP project within its scope.	TBC	-	-	-	-	-	-
Cancelled	Contract Management – The Fremantle Trust This review has been cancelled as during the Provider Failure audit in 2016/17 we gained assurance over the Meadows side which represents 40% of the expenditure with Fremantle Trust.	N/A	-	-	-	-	-	-

Quarter 1								
Completed	Community Infrastructure Levy (CIL) and Section 106 (S106) – Phase I, Income	Limited	7	-	1	4	1	1
Completed	Nursery Places – Free Early Education Funding	Limited	7	-	1	4	1	1
Completed	Contract Register Maintenance	Reasonable	5	-	1	2	1	1
Completed	Non-Schools Payroll	Reasonable	5	-	-	5	-	-
Completed	Pensions Administration	Reasonable	4	-	-	3	1	-
Completed	Water Safety	Reasonable	3	-	-	3	-	-
Completed	Commercial Waste – achieving income target (Joint with CAFT)	Reasonable	5	-	-	5	-	-
Completed	Livingstone School	Reasonable	5	-	-	2	3	-
Completed	St. John's N11 School	Reasonable	7	-	-	2	5	-
Completed	Brunswick Park School	Reasonable	7	-	-	2	5	-
Completed	Hollickwood	Reasonable	5	-	-	3	2	-
Completed	Northway	Reasonable	4	-	-	3	1	-
Completed	Safeguarding – Family Services	Substantial	1	-	-	1	-	-
Completed	Beis Yaakov School	Substantial	3	-	-	1	2	-
Completed	Mapledown School	Substantial	3	-	-	1	2	-
Completed	Troubled Families - Payment by Results Q1	N/A	-	-	-	-	-	-
Completed	Estates / Health & Safety compliance & Subcontractor ordering follow-up	N/A	-	-	-	-	-	-

3.1 IT Risk Diagnostic (ITRD)

We have completed the planned IT Risk Diagnostic to inform our future IT internal audit plan.

The purpose of this review was to establish a baseline understanding of the IT risk environment and maturity of internal controls across the IT Audit landscape. This was performed by carrying out a series of meetings and workshops with the IT management team, to understand the processes and controls in place across seven core IT areas. Management's self-assessment of the controls in the seven areas has been benchmarked against both "good practice" and a group of 30+ organisations which includes both public and private sector organisations.

The review covered the following seven areas within the IT Audit landscape:

- IT Strategy;
- IT Governance;
- IT Management;
- System Quality;
- System Support & Change;
- IT Operations; and
- Information Security.

The risk diagnostic has led us to prioritising audits of the following:

Audit scope	Timing
IT Strategy - Strategic decision making	Q4 of 2017/18
IT Governance – Data management procedures	Q2 of 2018/19
IT Management – Portfolio and Project management	Q4 of 2018/19

The ITRD also identified that a General Data Protection Regulation (GDPR) Readiness Assessment would also be beneficial; this was already underway and a summary of the outcome of this review is below at section 3.2.

3.2 General Data Protection Regulation (GDPR) Readiness Assessment

Background

The **General Data Protection Regulation (GDPR)** replaces the Data Protection Act 1998 and is the biggest change in Data Protection law in 20 years. It will impact on every entity that holds or uses European personal data both inside and outside of Europe. This significant and broad reaching change in legislation affects every area of the council and all its contractors. The Regulation will be fully in force on 25 May 2018.

This GDPR gives rise to heightened compliance requirements in many areas, including accountability and data subject rights. It also seeks to instil a culture of “Privacy by Design and Default” in organisations. This means embedding privacy in a similar way to equalities, legal and finance, in that all projects, programmes and process changes consider privacy and data protection at the outset. These requirements are backed by heavy financial penalties for failing to comply, with maximum potential penalties rising from £500,000 to €20m or 4% of annual worldwide turnover. Given that the GDPR is yet to come into effect, there is no definitive amount of fines or penalties for local authorities. Under the DPA penalties are not decided by sector, but by the nature and impact of the incident. It is fair to assume that the same will be true for GDPR. In 2012 Barnet received a £70,000 Monetary Penalty Notice for not keeping personal data secure.

The Information Commissioner’s Office (the ICO) has stated that they would rather help councils to help them prevent data security breaches, but made it clear that they will issue fines, if necessary. The ICO expects compliance with all aspects of GDPR by 25 May 2018.

We have completed the planned GDPR readiness assessment, which ran alongside the council’s initial preparations for GDPR. The assessment, which was based on oral evidence and documentation provided, reviewed two key privacy domains: (1) ‘Data protection architecture’ (the structures that are in place across the organisation to facilitate compliance); and (2) ‘Data protection principles’ (the compliance obligations in the GDPR around data quality, such as accuracy, retention and security).

Summary of findings

The assessment indicated that the Council’s current data protection programme requires remediation in a number of areas in order to become fully compliant with the GDPR. This was in line with our expectations, as GDPR imposes new responsibilities. It is important to note that the Council is not only aware that work needs to be undertaken to ensure GDPR compliance, but is active in this area having begun to prepare by developing a GDPR Implementation Project.

When benchmarked against the other organisations reviewed by PwC, the Council is generally tracking at similar or slightly higher levels of maturity.

The Council tracked well against other councils in relation to vision and strategy and transfers but is tracking at a lower level in relation to education, awareness and accuracy. The Council has accepted these findings and has an action plan in place to address the improvement areas noted, as part of its GDPR Implementation Project.

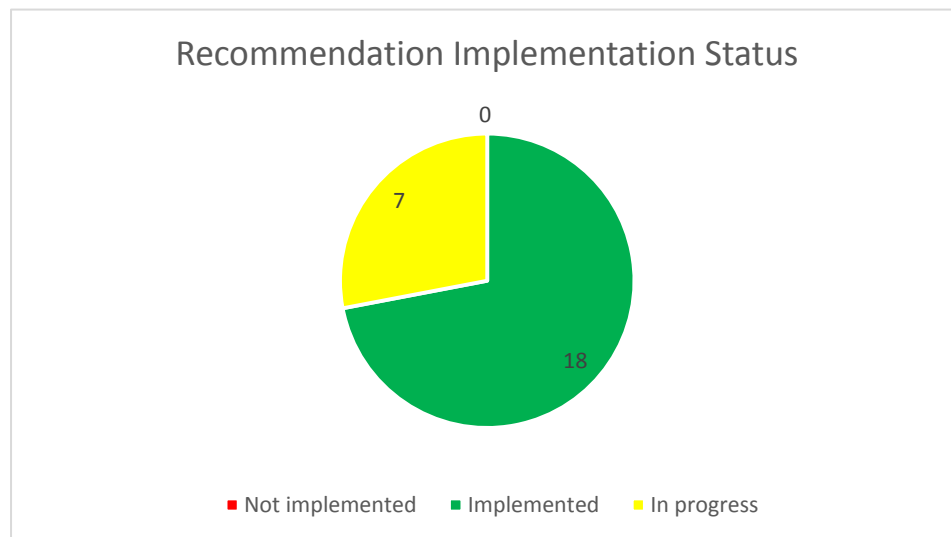
3.3 Prevent and Prevent Follow-up

In August 2017 we undertook a review of the Council’s arrangements around the ‘Prevent’ aspect of the Contest Framework, the Government’s overall counter terrorism strategy. We have subsequently followed up to confirm progress against implementation of the agreed actions. The full report is attached as an exempt paper at Appendix 2.

4.0 Follow Up

4.1 Summary

4.1.1 The wheel below demonstrates how many high priority actions due this period have been implemented, are in progress or are not implemented.



4.2 IT Change Management follow-up

An internal audit was conducted in March 2016 to review the appropriateness and effectiveness of the Council's IT Change Management process, including related governance, policies, process, procedures and controls that are in place to manage changes to the IT applications and infrastructure that support the Council's services. This led to a Limited Assurance audit report, which has been followed up on two previous occasions (June 2016 and November 2016) and progress reported back to the Audit Committee.

This was the final follow-up audit to be undertaken. Of the original 30 agreed actions, 29 have now been verified as implemented, including all of the high priority actions.

Status	Description	High Priority	Medium Priority	Low Priority	Total
Implemented	Evidence provided to demonstrate that the action is complete	14	12	3	29/30
Partially Implemented	Evidence provided to show that progress has been made but the action is not yet complete	0	1	0	1/30
Not Implemented	No evidence seen of the action being progressed or completed	0	0	0	0/30

The status against the High Priority recommendations is summarised in sections 4.3 and 4.4 below.

The one Medium Priority action that is currently Partly Implemented is as follows:

Release Management (original report ref 3.1b)

We examined *Orange Bus Release – Change Calendar v1.0* which is a spreadsheet based release calendar for the Orange Bus website. We noted that future releases are planned against predetermined dates, however we did not see evidence that these releases were linked to an IT change. We also did not see evidence of individual changes being challenged during review for potentially combining into future releases.

We observed that within the 'ServiceNow' database toolset the workflow to raise a change has been designed to identify change conflicts against Configuration Items (CIs), for example it is possible to view whether there is an existing change scheduled and awaiting implementation when raising a new change.

We also noted that Project related changes are reviewed for opportunities to combine related changes together as part of the OAIS (Operational Acceptance into Service) process.

Further action needed for full implementation:

- 1) All requests for change to be routinely reviewed and challenged during the assessment of a change to determine whether the IT change should be scheduled and packaged into a release. This would support the aim of minimising the volume of change and potential business interruption; and
- 2) Requests for change to be grouped and related to a scheduled release using a traceable method that allows the auditing and reporting of releases. This would support the wider service management processes such as incident management.

Revised date: 31 December 2017

4.3 Outstanding actions

4.3.1 Outstanding high priority actions are summarised below:

Name of report	Agreed Action	Status (Not Implemented / In Progress)	Owner	Due Date
1. Re Operation Review - Phase 2: Operating Effectiveness of Controls (January 2017)	<p>Highways: ad hoc inspections – Control Design</p> <p>Re will establish prioritisation criteria to be applied by the Customer Hub team to systematically assess the severity of a reported defect and to enable enquiries to be prioritised accordingly. These criteria will be shared and agreed with the Council.</p> <p>The Council and Re will agree an ongoing assurance mechanism to enable the Council to monitor the performance of ad hoc inspections. This will consist of the Council reviewing a sample of enquiries to assess the reasonableness of the assessment applied and assess whether follow up action was appropriate and performed in a timely manner based on the severity of the issue.</p>	<p>In Progress</p> <p>As reported to the 20th April 2017 Audit Committee, this was being picked up as part of the Re Fundamental Service Review (FSR). Timescales currently state “in a timely manner” i.e. at the discretion of the inspector. Re and the Council are working together through the FSR process to agree a more detailed set of parameters and working with the Hub to re-script their questions to understand the types of interventions being discussed.</p> <p>The FSR was due to have substantially completed by July 2017.</p> <p>As at September 2017 the detailed findings and recommendations of the FSR were due to be reported to PCM committee in November. The work associated with the re-drafting of the parameters was almost complete and we were told would be in place for final agreement.</p> <p>The Council led review is due to consult with Members in October on proposed performance changes. Final approval of the report and any changes will be approved by the Member Working Group in November.</p>	<p>Strategic Director - Environment</p> <p>Operations Director, Re</p>	<p>Original: 31 March 2017</p> <p>1st Revised date: 31 July 2017</p> <p>2nd Revised date: 30 November 2017</p>
2. Highways Programme (March 2017)	<p>Performance Management</p> <p>A framework for performing validation activity on performance data reported by the contractor will be determined and implemented. This will involve periodically requesting the supporting data from the</p>	<p>In Progress</p> <p>Re Highways has identified two corrective actions to address this audit point. Firstly they are in the process of developing a Network Recovery Programme (NRP) scheme contract audit</p>	<p>Contract Performance and Traffic Manager</p>	<p>Original: 31 July 2017</p> <p>Revised: 31 January 2018</p>

	contractor on a proportionate sample basis to support reported performance.	<p>sheet to audit the key milestones in the scheme delivery. Based on benchmarking with other boroughs, they will audit 6% of schemes across the NRP programme on a bi-monthly basis. Any deviation from the agreed scheme delivery process will be raised at the NRP weekly programme meetings, which are attended by both Re Highways and Conway Aecom. Re will formalise this process by the end of October 2017.</p> <p>The second corrective action to be implemented is the development of a scheme handover process. This process will ensure that Re are enabling Barnet to discharge their Construction Design and Management (CDM) duties, assist with asset management and will include lessons learnt, so that Re can continually improve the delivery of NRP. Re will develop this process by the end of November 2017 and roll it out by the end of January 2018.</p>		
3. Estates Health & Safety Compliance - (February 2017)	Performance Reporting <p>We will continue to progress with SPIR 3 to ensure the contractual position between CSG and the Council in relation to responsibilities for all of the non-civic estate is agreed. We will submit a change request to alter the contract once the entire suite of KPI's has been reviewed in March 2017.</p>	In Progress <p>Changes to the contract have been agreed: updating KPIs to reflect current priorities for the estates service, including increasing the contractual levers around performance on lease renewals and the Strategic asset management plan; and measuring performance on planned maintenance and statutory compliance against the whole preventative maintenance programme and annual works programme rather than just for the civic estate.</p> <p>Regarding SPIR 3, this was erroneously referred to as the mechanism to clarify the contractual position, when in fact this is a Change Request (CR) that is currently being negotiated. Within this CR, revised operational definitions of the estate have also been agreed and further</p>	Director of Estates, CSG Head of Estates, LBB	Original: 28 April 2017 1st Revised date: 31 August 2017 2nd Revised date: 31 May 2018

		<p>potential contractual changes are being explored to further clarify the service provided and potentially extend them.</p> <p>Further action required for full implementation:</p> <p>Change Request (CR) to be formally agreed.</p>		
<p>4. Nursery Places (July 2017)</p>	<p>Frequency of Early Years Team Audits</p> <p>Management will commence a new rolling programme of Early Years' Team Audits on PVI providers, ensuring that each provider is subject to an unannounced Early Years' Team Audit at least every four years.</p>	<p>In Progress</p> <p>We saw evidence that five Early Years Audits had been completed since March 2017. Three of these were closing audits where the nursery had closed and the remaining two were proactive audits which took place due to concerns being raised internally about the setting.</p> <p>We found in four of these audits another member of the Early Years Team was involved in the audit in addition to the Registration Support Officer. This suggested that Officers were being trained on the audit process to increase capacity within the Team to ensure a greater number of audits will be completed going forward.</p> <p>Management confirmed there are 131 settings and Internal Audit calculated that an average of 11 audits must be undertaken per term i.e. 33 per year to ensure that all settings are visited every four years by the Early Years Team.</p> <p>At this stage five have been undertaken whereas to be on schedule approximately 16 audits would need to be complete. We therefore consider that this recommendation is currently partly implemented.</p> <p>Further action required for full implementation:</p> <p>Early Years Audits will be completed going forward at a frequency which will allow for each setting to be visited every</p>	<p>Early Years Standards & Quality Lead - Early Intervention & Prevention</p>	<p>Original: Easter 2017</p> <p>Revised: 31 December 2017</p>

		four years. An accelerated programme will need to be completed between now and the end of December to get back on schedule.		
5. Contract Register Maintenance (July 2017)	Roles & Responsibilities Further operational guidance, setting out roles and responsibilities for respective parties involved in maintaining the contract register, will be produced. This will include a RACI matrix (Roles, Accountability, Consult, Inform) to map out respective responsibilities and will clarify that contract managers are responsible for communicating changes to contract details held within the Curtis Fitch system. This will be communicated to stakeholders through periodic training provided.	In Progress Papers presented to the Procurement Board 21/9/2017 referred to the RACI matrix for contract register maintenance across Procurement, Commercial, Delivery Unit, Legal, Procurement Board and contract manager. Specifically it emphasised that contract managers were responsible for communicating changes to contracts. The communication of contract manager responsibility was planned through the issuing of a guidance note and the delivery of training by Procurement, which has been scheduled to take place in Q3.	Procurement Transformation Lead, CSG	Original: 31 August 2017 Revised: 31 December 2017
6. Contract Register Maintenance (July 2017)	Roles & Responsibilities A mechanism for communicating changes to the register will be developed. A pro-forma that captures the changes required in a standardised format will be developed and uploaded to the Council's intranet. A central mailbox will be created and completed change forms will be sent to this central mailbox that will be monitored by the procurement team for processing.	In Progress Mechanisms for communicating changes are planned as follows: 1. Central procurement mailbox in use. The Procurement Board (PB) papers referred to Procurement having a central inbox set up to which contract managers can email details of contractual changes to ensure the central register stays accurate. 2. Communication plan includes communication of central email address. The PB papers referred to issuing a guidance note for contract managers by procurement along with a published programme of training for contract managers.	Procurement Transformation Lead, CSG	Original: 31 August 2017 Revised: 31 December 2017
7. Contract Register Maintenance (July 2017)	Roles & Responsibilities An annual exercise will be performed	In Progress As part of the annual procurement	Procurement Transformation	Original: 31 August 2017

	whereby contract register extracts from Curtis Fitch will be communicated to delivery units. Delivery units will be required to review the extract and confirm this is accurate and complete based on their knowledge of contracts in place.	forward planning exercise which is underway (September to December) service areas are being asked to confirm or amend the accuracy of the Central contracts register. The Council commercial service will be notified of any service areas failing to provide updates.	Lead, CSG	Revised: 31 December 2017
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4.4 Completed actions

4.4.1 During this period we followed up 18 high priority actions which are deemed to have been implemented. These are listed below:

Name of report	Agreed Action and Due Date
1. Highways Programme (March 2017)	Performance Management – due 31 July 2017 Action plans in the instance of poor performance and explanations for poor performance will be obtained from the contractor to be included in reports produced.
2. Estates Health & Safety Compliance - (February 2017)	Performance Reporting We will put mechanisms in place to provide Council management with assurance that CSG are fulfilling their responsibilities. This may include employing a client-side Compliance Officer or making use of CSG's compliance arrangements. Original: 28 April 2017 Revised: 31 August 2017
3. Regional Enterprise (Re): Operation Review, Phase 2: Operating Effectiveness Investigating and resolving alleged breaches of planning control (January 2017)	Backlog of cases Management will review the 619 enforcement cases which are currently without a recommended action and ensure appropriate action is being taken. Management will prioritise the 175 cases that have been open for over a year. Original: 30 April 2017 Revised: 31 July 2017
4. Regional Enterprise (Re): Operation Review, Phase 2: Operating Effectiveness Investigating and resolving alleged breaches of planning control (January 2017)	Learning Lessons Management will investigate cases where action is not taken in reasonable timescales to ensure that recurrent delays are prevented and that lessons are learnt from the review. Original: 30 April 2017 Revised: 31 July 2017

<p>5. Regional Enterprise (Re): Operation Review, Phase 2: Operating Effectiveness</p> <p>Investigating and resolving alleged breaches of planning control</p> <p>(January 2017)</p>	<p>Records retention</p> <p>Management will remind Enforcement Officers of the importance of ensuring all relevant information and evidence is retained on file in the event of a query being raised at a later date.</p> <p>Original: 30 April 2017</p> <p>Revised: 31 July 2017</p>
<p>6. Nursery Places</p> <p>(July 2017)</p>	<p>Referrals to CAFT – due 31 May 2017</p> <p>CAFT and the Early Years Team will agree criteria at which referrals will be made to CAFT as a result of Early Years Team Audits. This will allow CAFT to make an assessment as to the viability of opening an investigation regarding suspected fraudulent activity.</p>
<p>7. Nursery Places</p> <p>(July 2017)</p>	<p>Distribution of Early Years' Team Audit Reports to Family Services Finance – due 30 September 2017</p> <p>The Early Years Team will distribute their audit reports to the Family Service Finance Team when they are issued. This will ensure that adjustments are processed as soon as possible.</p>
<p>8. Nursery Places</p> <p>(July 2017)</p>	<p>Actions resulting from the Early Years' Team Audit process – due 30 September 2017</p> <p>The Early Years Team will devise a method for ensuring actions placed on providers and the Team which result from Early Years Team Audits are tracked, actioned and closed. For example a spreadsheet which details the outcomes of Audit reports including actions, and their owners, deadlines and current status.</p>
<p>9. Nursery Places</p> <p>(July 2017)</p>	<p>Completeness of Early Years Team Audit findings – due 30 September 2017</p> <p>For Early Years' Team Audits taking place at larger providers two members of the Early Years Team will perform the Audit. In such instances both Officers will agree to issue the final report and verify that the report contain the details of all adjustments which need to be made against a providers FEE which have been found as a result the Early Years' Team Audit process.</p>
<p>10. IT Change Management</p> <p>(March 2016)</p>	<p>Process Lifecycle: Changes are not reviewed</p> <p>Perform post-change evaluations and ensure change records are closed</p> <p>Original: 31 August 2016</p> <p>Revised: 2 January 2017</p>
<p>11. IT Change Management</p> <p>(March 2016)</p>	<p>Process Lifecycle: Changes are not reviewed</p> <p>Review IT Change Management service metrics and monitor on an ongoing basis. This will allow early identification of issues and inform proactive changes to the IT Change Management process, policy, design or procedure as well as identifying staff that require additional change training and support.</p>

	<p>Original: 2 September 2016</p> <p>Revised: 30 June 2017</p>
<p>12. IT Change Management (March 2016)</p>	<p>Process Lifecycle - Emergency Changes</p> <p>Incorporate project-related changes to the existing reports.</p> <p>Original: 12th April 2016 Revised: 28 February 2017</p>
<p>13. IT Change Management (March 2016)</p>	<p>Change Testing & Validation: A lack of testing environments</p> <p>Identify which IT services could have an unacceptable impact to the Council's services should there be a prolonged outage.</p> <p>Original: 28 October 2016 Revised: 31 March 2017</p>
<p>14. IT Change Management (March 2016)</p>	<p>Change Testing & Validation: A lack of testing environments</p> <p>Where the underpinning IT services do not have a test environment, or the existing test environment configuration differs from production, ensure proposed options for remediation have been presented to Council and Council's response recorded.</p> <p>Original: 8 July 2016 Revised: 2 January 2017</p>
<p>15. IT Change Management (March 2016)</p>	<p>Change Testing & Validation: A lack of testing environments</p> <p>Where proposed options are declined by the Council, ensure that the risk of IT change is formally accepted by the Council and is reviewed regularly by CSG and Barnet Council management.</p> <p>Original Target date: 8th July 2016 Revised target date: 9th January 2017</p>
<p>16. IT Change Management (March 2016)</p>	<p>Change Testing & Validation: A lack of testing environments</p> <p>Where possible, test back-out plans. Testing may either be performed periodically (with an appropriate frequency schedule during the year) or in real time, specifically as part of the change request to ensure confidence that the back-out plan will work as expected. Where back-out plans cannot be tested, this risk should be made aware to the</p>

	<p>Technical and Customer CAB when presenting the RFC and formally documented in the change record.</p> <p>Original target date: 12th April 2017</p> <p>Revised target date: 2nd January 2017</p>
<p>17. IT Change Management (March 2016)</p>	<p>Change Testing & Validation: A lack of testing environments</p> <p>Specify under which conditions the back-out plan should be invoked.</p> <p>Original target date: 12th April 2016 Revised target date: 2nd January 2017</p>
<p>18. IT Change Management (March 2016)</p>	<p>Change Testing & Validation: A lack of testing environments</p> <p>For back-out plans that are dependent upon data restoration from backup, CSG should ensure that the data restoration time is known and confirmed through testing.</p> <p>Original target date: 4th April 2016 Revised target date: 9th January 2017</p>

4.5 Follow-up of Medium priority actions

This quarter, at the request of the Audit Committee, we have also undertaken follow-ups of the Medium priority actions resulting from the two Limited Assurance reports from Q1:

- **Nursery Places – Free Early Education Funding (FEE)**
- **Community Infrastructure Levy (CIL) and Section 106 (S106) – Phase I, Income**

A summary of the outcome of these follow-ups is below.

Nursery Places – Free Early Education Funding (FEE)

Agreed Action(s)	Responsible Officers	Target Date	Audit Assessment November 2017
<p><u>1. Eligibility for FEE2</u></p> <p>1a) The Early Years Team will implement a system of verifying a sample of children awarded FEE2, Free Early Education Funding for 2 year olds, in each term they are eligible for the funding. The sample will be</p>	Early Years Standards & Quality Lead	30/09/2017	<p>Partly Implemented</p> <p>We received confirmation from the Early Years Team that spot checks are being completed in line with the recommendation; however this was not recorded to evidence the results.</p>

<p>chosen using a risk based approach, informed by the error identified during the audit.</p> <p>These checks will occur on a regular basis and evidence will be kept on file to demonstrate that the checks have been completed in line with expectations.</p>			<p>It was therefore not possible for Internal Audit to confirm that spot checks are being completed regularly and issues raised are actioned.</p> <p>Further action required for full implementation:</p> <ul style="list-style-type: none"> • Spot check will occur on a regular basis and evidence will be kept on file to demonstrate that the checks have been completed in line with expectations. <p>Expected implementation date: 31 December 2017</p>
1b) Management will investigate the potential to reclaim any monies owed to the Council as a result of the error	Head Of Early Years - Early Intervention & Prevention	30/09/2017	Implemented
<p><u>2. Interim and Final Payments</u></p> <p>2a) Management will review the appropriateness of awarding an 80% advance payment to providers in time for any changes to be made for April 2018 after consultation in 2017/18 regarding the 30 hour offer.</p>	Head of Early Years - Early Intervention & Prevention	30/04/2018	<p>N/A</p> <p>This recommendation is not due until April 2018</p>
<p>2b) Before interim payments are processed, the Family Services Finance Team will identify providers whose proposed interim payments does not appear in line with the previous term's actuals.</p> <p>The Early Years Team will then ask providers to confirm projected pupil numbers</p>	Early Years Standards & Quality Lead	30/09/2017	Implemented
<p><u>3. Headcount Issues</u></p> <p>3a) A rolling headcount will be introduced by Family Services to ensure that there is greater emphasis on providers to input the most up-to-date information before payments can be processed and made to providers. Providers should be reminded of their responsibility to update the portal.</p>	Early Years Funding Officer - Commissioning & Business Improvement	31/07/2017	<p>Partly implemented</p> <p>Family Finance have confirmed this recommendation is implemented; however, we are awaiting documented confirmation of updated guidance from the Early Years Funding Officer.</p>

3b) Schools Funding Officers within CSG and the Family Services Finance Team will agree key dates for rolling headcounts to finish that will allow for duplicate checks to be completed in a timely manner whilst also reducing the number of adjustments needed.	Family Services Finance Manager - Commissioning & Business Improvement Deputy Funding Manager, CSG	30/09/2017	Implemented
4. Updating and communication of FEE guidance for providers 4a) The Council's guidance relating to FEE provision within the Borough will be updated	Early Years Registration Support Officer - Early Intervention & Prevention	30/09/2017	Partly implemented The Early Years Team confirmed that the guidance has been updated in-line with revised Department for Education guidance and to take account of an update to the FISO system. The updated guidance has only recently been cleared by HBPL for issue and some additional work is required to ensure it is consistent with the revised systems update. The guidance is now awaiting publication to providers. Further action required for further information: The Council's guidance relating to FEE provision within the Borough will be published. Expected implementation date: 31 October 2017
4b) Once updated the revised Council guidance relating to FEE provision will be communicated to all providers at the planned workshops	Early Years Standards & Quality Lead Interim Data and Performance Manager	31/07/2017	Not implemented As the guidance has not yet been formally published, Family Services have been unable to send the guidance to FEE providers. Further action required for further information: Once updated the revised Council guidance relating to FEE provision will be communicated to all providers at the planned workshops Expected implementation date: 31 October 2017

<p>4c) If providers do not attend the workshops then the revised Council guidance relating to FEE provision will be sent to them.</p>	<p>Early Years Standards & Quality Lead</p>	<p>31/07/2017</p>	<p>No longer relevant.</p> <p>The Early Years Team confirmed that the workshops were planned to form a consultation exercise relating to the updated Department for Education (DfE) guidance and the FISO system update. At the time of our Internal Audit in February 2017 the DfE Guidance had not been published; however, on reviewing the guidance when released by DfE, the system update workshops were considered as no longer needed by the service.</p> <p>We accepted this as being reasonable and also considered that, once published, all providers will be sent a copy of the updated guidance as per recommendation 4b above.</p>
<p>5. Single Point of Failure</p> <p>Management will review the tasks performed by key Officers to ensure that other officers performing key tasks to eliminate the risk of a single point of failure occurring in the FEE Process.</p> <p>Management should review such arrangements to ensure that tasks occur in line with expectations.</p>	<p>Early Years Standards & Quality Lead</p>	<p>30/09/2017</p>	<p>Partly Implemented</p> <p>Our testing is still underway. We are seeking evidence from Officers that processes occur in a timely manner when new and existing providers submit bank detail forms.</p> <p>We did note the Early Years Registration Officer was on leave the week commencing 18 September 2017 and we found evidence to confirm another Officer completed an OFSTED download in the same week. This was in line with management expectations.</p> <p>We noted that since March 2017 five Early Years Audits had been completed, all of which involved the Early Years Registration Officer. We found in four of these audits another member of the Early Years Team attended the setting with the audit which suggested that Officers were being trained on the audit process to increase capacity within the Team however, during interview one of the Officers who attended two of the audits with the Registration Officer confirmed that their role was shadowing as opposed to sharing responsibilities and leading audits.</p> <p>We considered that this could still give rise to a potential single point of failure to occur should the Early Years Registration Officer be unavailable for normal duties.</p> <p>We have therefore assessed this finding as 'partly implemented'.</p> <p>Further action required for further information: Management should review arrangements in place to ensure that tasks occur consistently should the Early Years Registration Officer become unavailable for</p>

normal duties.

Expected implementation date: 31 October 2017

Community Infrastructure Levy (CIL) and Section 106 (S106) – Phase I, Income

Agreed Action(s)	Responsible Officers	Target Date	Audit Assessment November 2017
<p>1. Internal Procedure Documents - Control design</p> <p>Internal procedure documents will be produced that set out the roles and responsibilities of all teams involved in the processing and collection of CIL and S106 liabilities.</p> <p>Once issued the procedure documents will be communicated to all relevant Officers involved in the processing of CIL and S106 liabilities.</p>	<p>Infrastructure Planning Team Manager, Re</p> <p>Planning Obligations Officer, Planni ng, Re</p>	<p>30/09/2017</p>	<p>Partly implemented</p> <p>We found that Management have produced guidance for Development Management Officers which detailed their responsibilities with respect to the administration and processing of CIL liabilities.</p> <p>Management confirmed that the Infrastructure Planning Team are currently implementing the Exacom system and, once this is complete, there will be a greater understanding of how the system will operate in practice and how it will interface with other Teams and systems involved in supporting CIL administration and collection. Management confirmed wider procedures will be developed and distributed at this time.</p> <p>We accepted this is as being a reasonable approach.</p> <p>Further action to ensure full implementation:</p> <ul style="list-style-type: none"> • Once the Exacom system is fully operational internal procedure documents will be produced which will set out the roles and responsibilities of all teams involved in the processing and collection of CIL and S106 liabilities. • Once the procedure documents are issued they will be communicated to all relevant Officers involved in the processing of CIL and S106 liabilities. <p>Target implementation date: 31 December 2017.</p>

<p>2. CIL and s106 schedules - Control design</p> <p>The procurement of the EXACOM system will be prioritised to replace the need for manual spreadsheets to coordinate the management of CIL/S106 charges.</p>	<p>Growth Manager, Re</p>	<p>30/09/2017</p>	<p>Partly implemented</p> <p>Management confirmed that the Exacom system has been procured and is currently being implemented. For example, CIL notices now being issued through Exacom.</p> <p>The Planning Infrastructure Team are currently migrating information from the manual spreadsheets into Exacom with approximately 50% and 10% of, respectively, the historic CIL and S106 data now being held within Exacom.</p> <p>Further action for full implementation:</p> <ul style="list-style-type: none"> • The Exacom system will become fully operational and replace the use of the manual spreadsheets which have previously been used to hold CIL and Section 106 schedules. <p>Expected implementation date: 31 December 2017</p>
<p>3. CIL charge identification - Control design</p> <p>a) Re will ensure that the Planning Team understand the requirement to review information within applicant CIL forms. The extent and nature of these checks will be agreed and mapped into procedure notes as applicable. Evidence of checks performed will be documented and kept on file.</p>	<p>Principal Planning Officer, Re</p>	<p>30/04/2018</p>	<p>Implemented</p>
<p>b) A listing will be produced on a periodic basis of all planning applications made which will include key fields (such as floor space, type of development) and whether it was marked as CIL liable. This listing will be reviewed to identify any schemes that may meet CIL eligibility criteria however were not marked as CIL liable within the system and referred to Planning Obligations.</p>	<p>Principal Planning Officer, Re</p>	<p>30/09/2017</p>	<p>Implemented</p>
<p>4. Payments to Transport for London – Operating effectiveness</p> <p>The Council, CSG and Re will work together to ensure that payments to TfL in regard to Mayoral CIL are made on time.</p>	<p>Deputy Chief Executive Commissioning Director, Growth & Development</p>	<p>31/07/2017</p>	<p>Partly implemented</p> <p>We found that the most recent payment to TfL related to Mayor CIL received in Q1, 2017/18. The amount of £1,957,385.43 was due to be paid to TfL on 21 July 2017.</p>

	<p>Finance Manager, CSG</p> <p>Planning Obligations Officer, Planning, Re</p>	<p>We found evidence that on 17 July 2017 Re's Infrastructure Planning Team had requested CSG to make the payment; however, payment was not authorised until 18 September 2017.</p> <p>CSG confirmed an internal IT error within Integra led to the necessary Officer not being able to authorise the payment. Eventually an urgent CHAPS payment was raised to ensure there was no further delay in payment.</p> <p>When payments to TfL are late TfL may charge a late payment fee which can be as much as 5% of the total amount due to them. In Q1 2017/18, if TfL had raised this fee it would have represented £97.9K (5% of the £1.96m payment).</p> <p>CSG confirmed that an internal IT review was underway to identify the error which led to the late-payment and the system would be modified to allow future payments to be made on time.</p> <p>We have subsequently received confirmation from both the Council and CSG that the Q2 payment was made to TfL on time.</p> <p>Further action required for full implementation:</p> <ul style="list-style-type: none"> • CSG will complete an internal review of the reasons why the Q1 2017/18 payment was delayed and ensure that all future payments are made on time. <p>Expected implementation date: 31 October 2017</p>
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As part of our 2017/18 audit plan we allowed additional audit days to undertake a sample of follow-ups across Medium priority recommendations. This quarter we have followed up the Medium priority actions raised under the Contract Register Maintenance audit. The results are below:

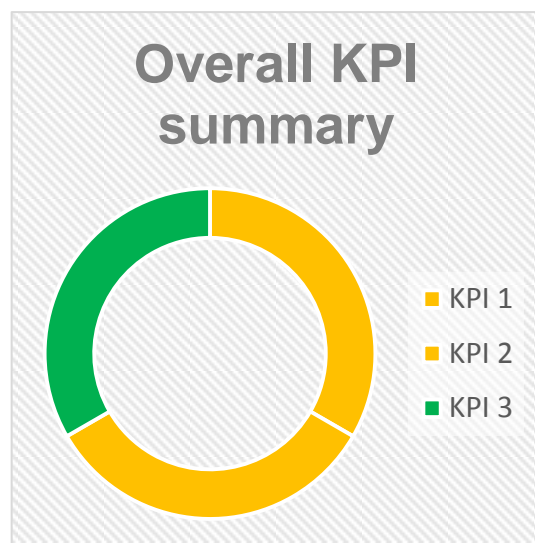
Contract Register Maintenance

Agreed Action(s)	Responsible Officers	Target Date	Audit Assessment November 2017
1a. Compliance analysis - Control design We will document the actions taken, required actions and outcomes of investigations in relation to instances of potential non-contractual expenditure identified through the quarterly compliance testing.	Procurement Transformation Lead, CSG	September Procurement board 2017	Implemented
1b. Compliance analysis - Control design We will document the rationale for why some expenditure is considered potentially high risk, for example high monetary value or for a service provided to vulnerable adults or children.	Procurement Transformation Lead, CSG	September Procurement board 2017	In Progress Use of the PESTLE approach to categorise contract risk was presented to the Procurement Board in September 2017 for their approval. Contracts are being risk rated and evaluated, due for November Procurement Board.
1c. Compliance analysis - Control design We will present a high level summary of the results of the compliance testing to senior management in the Commissioning and Commercial teams. This will include an analysis of non-compliant expenditure across delivery units as well as details of high value or high risk compliance issues identified. We will also include a summary of this exercise periodically as part of the Procurement Board agenda.	Procurement Transformation Lead, CSG	September Procurement board 2017	In Progress Data was presented to the Procurement Board in September 2017 including details of non-compliant spend. The management information pack also reported high risk compliance issues such as overspends and the volume of single tender actions. To be followed up directly with Delivery Units during Q3.
1d. Compliance analysis - Control design We will consider how links can be established between Integra and the Curtis Fitch system to assist with and streamline the reconciliation process.	Procurement Transformation Lead, CSG	September Procurement board 2017	Implemented

2a. Contract register data capture - Control design and operating effectiveness We will investigate whether the automated controls in place are operational to ensure mandatory fields are completed consistently.	Procurement Transformation Lead, CSG	July 2017	In Progress The Procurement Transformation Lead is awaiting findings of this investigation and will then agree the outcome with the Senior Responsible Officer before reporting to November Procurement Board.
2b. Contract register data capture - Control design and operating effectiveness We will consider the current suite of compulsory fields and assess whether others, such as contract manager, should be included.	Procurement Transformation Lead, CSG	July 2017	In Progress The list of fields has been provided to the Senior Responsible Officer, awaiting their feedback.
2c. Contract register data capture - Control design and operating effectiveness We will review the data fields currently captured. Discussions will be held between CSG Procurement, Commissioning and Commercial teams to assess what information would be useful to capture in the contract register to assist with commissioning activity. This will include considering whether the classification of contracts in line with the SCOT framework is captured in the register.	Procurement Transformation Lead, CSG	July 2017	In Progress An initial discussion was held at the Procurement Board in September 2017. Specific Delivery Unit sessions are to be held and linked to the annual forward plan process, to inform agreement of rationalisation of fields.

Appendices

Appendix A: Key performance indicators (KPIs)

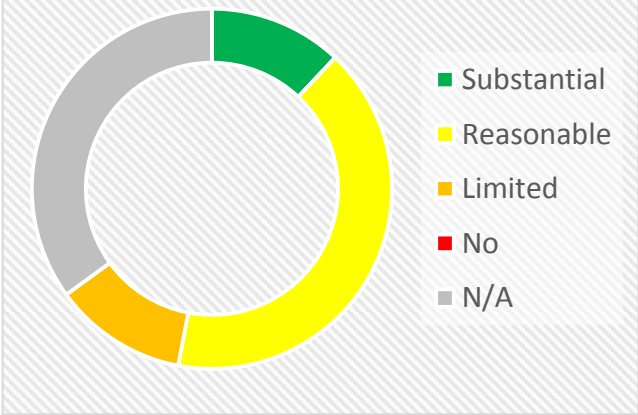


Fully Achieved
Partially Achieved
Not Achieved



KPI	Target	Results	Comment
1. % of Plan delivered	48% Based on 95% complete of those due in quarter	34%	Although this is below the target for Q2, there are another 25 audits already underway and we are confident that we will deliver 95% of our plan by the end of the year. We propose a change to how this target is measured, see section 1.2.2 0-24% = Not Achieved 25-47% = Partially Achieved 48% = Fully Achieved
2. Verification that at least 90% of Critical and High Risks have been mitigated by management at the time of follow up	90%	72%	0-49% = Not Achieved 50-89% = Partially Achieved 90% = Fully Achieved
3. Average customer satisfaction score for year to meet or exceed acceptable level for at least 85% of completed surveys	85%	100%	0-49% = Not Achieved 50-84% = Partially Achieved 85% = Fully Achieved
4. % of reports year to date achieving: •Substantial •Reasonable •Limited	N/A	12% 41% 12%	

Assurance Ratings



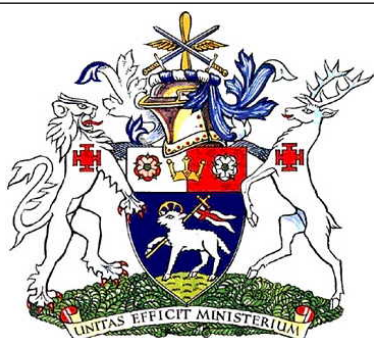
•No Assurance		0%	
•N/A		35%	

By virtue of paragraph(s) 7 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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AGENDA ITEM 8

**Audit Committee****2 November 2017**

Title	Accounts Closure Improvement Plan
Report of	Director of Resources
Wards	All
Status	Public
Enclosures	Appendix A – Accounts Closure Improvement Plan
Officer Contact Details	Paul Clarke – Paul.Clarke@barnet.gov.uk , 0208 359 2800 Gillian Clelland – Gillian.clelland@barnet.gov.uk , 0208 359 5310

Summary

The Committee considered the Audit Completion Report for 2016/17 at an extraordinary meeting on 19 September. The Statement of Accounts and Pension Fund Accounts were subsequently signed by the auditors and published on 29 September 2017.

The audit of the 2016/17 accounts was presented to Audit Committee ahead of the statutory deadline but after the intended deadline of the end of July 2017. Furthermore, the audit identified a number of misstatements in the accounts and weaknesses in the accounts preparation process. Following completion of the audit, a 'lessons learnt' exercise was undertaken and an improvement plan has been prepared to address the issues that arose in the preparation of pension fund accounts, main statement of accounts and audit process.

Recommendations

1. The Audit Committee are asked to consider and comment on the Accounts Closure Improvement Plan;
2. The Audit Committee are asked to note that progress against this plan will be presented to its meeting on 31 January 2018.

WHY THIS REPORT IS NEEDED

- 1.1 The Committee considered the Audit Completion Report for 2016/17 at its meeting on 19 September 2017. The audit of the 2016/17 accounts identified a number of misstatements in the accounts and weaknesses in accounts preparation process. Accordingly, the Committee requested an accounts closure improvement plan to be presented to its next meeting.
- 1.2 The report should have been considered at the July 2017 meeting, however due to a number of reasons, detailed later in the report, this was delayed. The accounts were signed off ahead of the statutory deadline.
- 1.3 In respect of this delay, CSG finance were deemed to fail KPI FIN 32: completion of external audit by the end of July; and a service credit of £55k agreed. This will be presented to Performance and Contract Monitoring Committee at their meeting in November 2017.

Terms of Reference

- 1.4 The review specifically assessed and considered:
 - Issues raised in the ISA260 (ISA260 is the International Auditing Standard relating to the auditor communicating with those charged with governance. In this instance ISA260 is the term given to the Auditors report to the Audit Committee);
 - Resourcing of the closing team;
 - Roles and responsibilities of the closing and wider finance team;
 - Closure of accounts timetable to identify if things were not done in a timely way or if deadlines were missed.
- 1.5 As part of the review a number of key people were interviewed or consulted. These were as follows:
 - Gillian Clelland, Assistant Director of Finance, CSG
 - Nickie Morris, Head of Finance, CSG
 - BDO (Leigh Lloyd Thomas, Partner; Scott Knight, Head of Audit & Assurance and Nick Bernstein, Audit Manager)
 - PSAA (Jon Hayes, Chief Officer; Andrew Chappell, Senior Compliance Officer)
 - CSG Senior Leadership (Richard Budd, Operations Director; Tom Vanoverschelde, Senior Operations Director; Brian McClurg, Operations Director)

Key Issues

- 1.6 The improvement plan, in Appendix A, details the key issues that were identified in the review and those specified by the auditors in their ISA260 and identifies actions to address those issues. The main issues identified were as follows:

Statement of Accounts

- 1.6.1 The CSG finance service was going through a major restructure which spanned the year end period. As a result, vacancies had to be held in the

team in the event of redeployment. An interim member of staff was brought in to cover a key role, however the lack of a permanent, experienced team meant there was a lack of resources in the core accounts closure team. This reduced the capacity of the Head of Finance to undertake sufficient review and quality control processes and meant that there were a significant number of errors and misstatements in the accounts that should have been picked up by quality control reviews.

- 1.6.2 The closing timetable concluded at the point of delivering a set of accounts to the auditors and didn't take into consideration, in a proactive and managed way, the closing team's role in driving the audit forward, taking ownership of queries and concluding them in a timely way.
- 1.6.3 Changes in the format of the Comprehensive Income and Expenditure Statement (CIES) changed in 2016/17 and a new note, the Expenditure Funding Analysis (EFA) was required. The structure of the ledger means that a number of manual adjustments were required to produce the CIES and overreliance was placed on auditors having reviewed the previous year's restatement.

Pension Fund Accounts

- 1.6.4 There was a lack of expertise in the preparation of pension fund accounts which led to delays and inaccuracies in the set of draft accounts sent to the auditors.
- 1.6.5 The triennial actuarial valuation had already identified issues with the quality of membership data held and this impacted on the audit of accounts which relies heavily on this information to validate contributions received. Pensions administration and data quality, in particular, are subject to a separate improvement plan.
- 1.6.6 The progress of the audit was frustrated by delays in receiving responses to audit queries from the pensions administration team.

Audit Process

- 1.6.7 The audit process did not conclude in line with pre-agreed deadlines.

Roles and Responsibilities

- 1.7 The roles and responsibilities of key personnel in relation to the Closing of Accounts are as follows:

Closure of Accounts	
Overall accountability: Director of Resources	
Overall responsibility: Assistant Director of Finance, CSG	
Pension Fund Accounts	Statement of Accounts
Head of Treasury & Pensions	Head of Closing & Monitoring

- 1.8 To provide additional context, a broad summary of the wider responsibilities of both retained LBB staff and those of Capita under the CSG contract is as follows:

Retained Finance (LBB Staff)	CSG Finance Team (Capita Staff)
Overall accountability for the Statement of Accounts	Production of final accounts (outturn of services and drafting Statement of Accounts)
Responsibility for the Pension Fund	Pension Fund Accounting, managing pension fund investments and servicing the Pension Committee and Local Pension Board
Finalisation of the budget document and MTFS	Monitoring the budget and the delivery of savings
Owners of the Treasury Management Strategy	Advising on, preparing and delivering the Treasury Management Strategy (borrowing and investments)
Final liaison with external auditors	Manage the operational relationship with the external auditor
Statutory Finance Officers	Finance Business Partnering
Authorisation, as appropriate, of all grant claims and returns, statutory, statistical and other returns as required	Preparation and submission of all grant claims and returns, statutory, statistical and other returns as required
Finalisation of policy documents	Update and management of the Capital Programme
Contract Management of CSG Finance including calculation of payment mechanism	Manage all transactional finance processes

2. REASONS FOR RECOMMENDATIONS

- 2.1 To ensure that the Audit Committee has appropriate oversight and assurance of the actions being taken to improve the timeliness and quality of the Statement of Accounts and Pension Fund Accounts.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 None.

4. POST DECISION IMPLEMENTATION

- 4.1 The Director of Resources (S151 officer) and Head of Finance (Deputy S151 officer) will monitor delivery of the improvement plan by CSG Finance.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The Audit Committee provides the Council with independent assurance and effective challenge and, therefore, the Committee is central to the provision of effective governance that supports delivery of all corporate priorities.

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

- 5.2.1 The improvement plan will be delivered by CSG finance with support from elsewhere in Capita Local Government Services.

5.3 Legal and Constitutional References

- 5.3.1 The Constitution details the functions of the Audit Committee including “To review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council”.

5.4 Risk Management

- 5.4.1 Close monitoring and delivery of the improvement plan will help to mitigate the risk of similar issues reoccurring in 2017/18 and future years.

5.5 Equalities and Diversity

- 5.5.1 None in the context of this report.

5.6 Consultation and Engagement

- 5.6.1 N/A.

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Theme	Issue Identified	Ref	Action (taken or to be taken)	Deliverable Date	Status	Responsible
STATEMENT OF ACCOUNTS						
Resourcing issues leading to lack of capacity to review	The accounts preparation has historically relied heavily on a small team which for 2016/17 included an interim resource in a key post. Changes to the Statement of Accounts and difficulties encountered meant that the team had insufficient capacity to undertake sufficient review and quality control as part of the process.	1.1	Closing team to be fully recruited, with appropriately experienced and able staff.	N/A	Complete	Assistant Director of Finance (CSG)
		1.2	Prepare a resourcing plan for the closing team which identifies and allocates responsibility for review and quality control processes and demonstrates that there is capacity within the team for these processes to be adequate	31/10/2017	In progress	Head of Finance (Closing)
		1.3	Allocate responsibility for each note to the accounts to members of the wider CSG finance team including Senior Business Partners and Business Partners	30/11/2017	Not started	Head of Finance (Closing)
		1.4	Deliver training sessions / workshops to CSG finance staff, clearly setting out roles and responsibilities and expectations and other key messages arising from the audit and lessons learned review	29/12/2017	In progress	Assistant Director of Finance (CSG)
End to end management of process	As the closure timetable currently finishes at the date the draft accounts are presented for audit, it did not provide a proactive and managed mechanism to manage the audit process and other workstreams such as Whole of Government Accounts and Government returns.	1.5	Undertake a critical review of the existing timetable in conjunction with finance business partners and develop a comprehensive closure timetable that is structured to meet the new timescales. Expand the timetable to 31 July and include all accounts related workstreams and audit liaison.	30/11/2017	In progress	Finance Manager – Accountancy, Closing and Monitoring (with Deputy 151 Officer)
Changes in the presentation of the Financial Statements	The format of the Comprehensive Income and Expenditure Statement (CIES) changed in 2016/17 and a new note was required - the Expenditure Funding Analysis (EFA). The audit identified a number of issues with the CIES, EFA and associated notes including 'grossing' up errors, whereby income and expenditure were overstated, classification errors and some analysis omitted from the notes to the accounts. The issues arose partly due to the amount of manual intervention required to create the CIES from the Trial Balance.	1.6	Review and re-perform 2016/17 CIES and validate compliance with the Code	30/11/2017	Not started	Finance Manager – Accountancy, Closing and Monitoring
		1.7	Review the structure of the ledger and as far as possible make changes necessary to support the preparation of the Statement of Accounts	29/12/2017	Not started	Finance Manager – Accountancy, Closing and Monitoring
		1.8	Document any manual, off-ledger adjustments that are required and ensure that these adjustments are subject to a review and authorisation process in line with the process for approval of journal entries	29/12/2017	Not started	Finance Manager – Accountancy, Closing and Monitoring
		1.9	As part of the accounts preparation process, undertake analytical review of CIES and other statements and notes at gross expenditure and income level	30/04/2018	Not started	Head of Finance (Closing)
		1.10	Undertake a review of the errors that occurred in 2016/17 and identify the reasons for each in order that a control can be put in place to avoid such errors reoccurring	30/11/2017	In progress	Head of Finance (Closing)
Specific issues raised in the ISA 260	The auditors identified that many of the control activities which provide assurance over the completeness and accuracy of the Statement of Accounts take place outside of the finance team and raised concerns about a lack of high level understanding and oversight of the complete control framework, and how this provides management with the required level of assurance that the internal control system, as a whole, is suitable for the Council's needs.	1.11	A review of process notes and/or system diagrams should be drawn up for key transaction streams, setting out the key control activities in each place, who has responsibility for their operation, and how their effectiveness is monitored.	29/12/2017	Not started	Assistant Director of Finance (CSG)
		1.12	All control account reconciliations (including bank reconciliations) are prepared and reviewed at an appropriate level on a timely basis throughout the year, and any differences arising are appropriately explained and cleared in a timely manner. Evidence of this process will be documented and retained.	31/10/2017	Completed (but ongoing)	Assistant Director of Finance (CSG)
	The audit recommended that a review of CIPFA guidance is undertaken in advance of preparing the 2017/18 Narrative Statement, to identify areas for improvement going forward.	1.13	Produce a skeleton note against the 2017/18 Code and populate, in advance of year end, those aspects of the note for which information is available.	29/12/2017	Not started	Assistant Director of Finance (CSG)
	The audit identified that the Council is accounting for Community Infrastructure Levy (CIL) income on the basis of when cash is received, not at the point that a chargeable development commences (as required by the Code).	1.14	Review the end to end process for accounting for CIL	17/11/2017	In progress	Head of Finance (Closing)
	The audit identified developer deposits which were more than 1 year old at the balance sheet date which indicates a risk that there are some balances which should either be repaid to developers, or recognised as income to the Council.	1.15	Review and resolve historical developer deposit balances on Balance Sheet	30/11/2017	In progress	Senior Business Partner (Environment)
		1.16	Review, document and communicate the process for accounting for developer deposits, including periodic and regular review of old deposit balances to ensure that these are repaid or recognised as income on a timely basis.	15/12/2017	In progress	Senior Business Partner (Environment) (with Head of Finance (Closing))

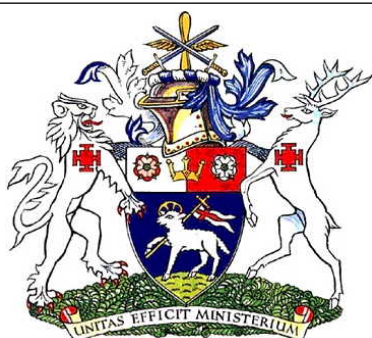
Theme	Issue Identified	Ref	Action (taken or to be taken)	Deliverable Date	Status	Responsible
Specific issues raised in the ISA 260 (cont.)	The audit identified that there had been delays in receiving related party transactions declarations and that the disclosure note was not complete and accurate	1.17	Document the escalation process for non returns	31/10/2017	Not started	Finance Manager – Accountancy, Closing and Monitoring
		1.18	Review the disclosure note for compliance with the Code	17/11/2017	In progress	Finance Manager – Accountancy, Closing and Monitoring
	The audit identified classification errors between cash and cash equivalents	1.19	Document the process for classifying investments as cash or cash equivalents, and ensure this is implemented in practice with the necessary checks in place.	30/11/2017	Not started	Head of Treasury and Pensions
	The audit identified a number of issues in respect of accounting for Collection Fund balances within the Council's Balance Sheet	1.20	Re-perform 2016/17 Collection Fund and develop an improved and fit for purpose process for 2017/18	29/12/2017	Not started	Finance Manager – Accountancy, Closing and Monitoring
		1.21	Review methodologies and working papers and specifically the bad debt provision methodology for the Collection Fund	29/12/2017	Not started	Finance Manager – Accountancy, Closing and Monitoring
		1.22	Review the Collection Fund account and notes for compliance with the Code	29/12/2017	Not started	Finance Manager – Accountancy, Closing and Monitoring
	The audit identified that the disclosure note on officers' remuneration - exit packages had been prepared on the basis of payments made during the year, rather than exit packages agreed in the year as required by the Code.	1.23	Issue clear instructions to HR / payroll setting out the requirements for the information required and effective dates	31/01/2018	Not started	Head of Finance (Closing)
	The audit identified a number of issues in respect of the Financial Instruments disclosure notes which contained misclassifications and areas of non-compliance with the Code	1.24	Review the 2016/17 note against the Code requirements and set up a framework for a fully compliant note	31/01/2018	Not started	Finance Manager – Accountancy, Closing and Monitoring
	The Statement of Accounts includes some notes that are immaterial	1.25	Review 2016/17 notes to the accounts for materiality and remove unnecessary or immaterial notes from the 2017/18 accounts (unless Audit Committee have asked for them not to be removed)	31/01/2018	Not started	Finance Manager – Accountancy, Closing and Monitoring
	The audit identified that within the property, plant and equipment note all additions are posted first to assets under construction, and then transferred to the relevant asset category, regardless of whether or not they are actually constructed by the Council or direct acquisitions which is not strictly in accordance with Code requirements	1.26	Identify how the Integra asset register module is used elsewhere to identify whether unnecessary transactions for acquisitions can be removed from assets under construction. If possible in the application, this split will be implemented.	31/01/2018	Not started	Head of Finance (Closing)
	The audit identified that the Council had not recognised income (or a debtor) for recoverable housing benefit overpayments held within the housing benefits system	1.27	Work with the revenues and benefits team to assess the recoverability of housing benefit overpayments being recovered from ongoing benefit and ensure that the debtor and impairment provision are reflected in the 2017/18 accounts	31/01/2018	In progress	Senior Business Partner (Corporate) (with Head of Finance (Closing))
	The audit identified a number of issues relating to the completeness, accuracy and compliance with the Code of various notes including: - Grants - Pension Schemes - Provisions - Earmarked reserves - Pooled budgets - Dedicated Schools Grant (DSG) - Private Finance Initiative (PFI) - Group accounts	1.28	Review the entire Statement of Accounts and produce skeleton accounts and disclosures, including prior year comparatives. Compare with the model accounts in the Code and with other high performing authorities to ensure best practice is being followed. Share an early copy of the skeleton accounts and disclosures with the auditors to allow opportunity for review of updated disclosures and prior year information in advance of the year end.	29/12/2017	In progress	Head of Finance (Closing)

Theme	Issue Identified	Ref	Action (taken or to be taken)	Deliverable Date	Status	Responsible
PENSION FUND						
Staff capacity and capability	Previous capacity and capability issues led to numerous historical issues and errors, some of which had not been resolved prior to 2016/17. While capacity was increased, there was still a lack of technical pensions knowledge which led to the accounts being delivered late and there being errors in the first draft.	2.1	A new Head of Treasury and Pensions is now in post who is experienced in the preparation of pension fund accounts and will lead on the preparation of the 2017/18 accounts with appropriate support from within the treasury and pensions team and the wider finance team.	11/05/2018	Not started	Head of Treasury and Pensions
		2.2	All historical issues and errors in the accounts have been resolved.	N/A	Complete	Assistant Director of Finance (CSG)
Quality of underlying membership data	Audit testing of contributions received (£58.6m) relies heavily on membership data held and maintained by Capita Employee Benefits (CEB). Data quality issues were identified as part of the 2016 triennial valuation and, whilst data cleansing is ongoing and a comprehensive pensions administration improvement plan is in place, the audit identified a significant number of queries and errors arising from the quality of membership data.	2.3	Implementation of the pension administration improvement plan relating to data quality will ensure that pension fund data is actively monitored and demonstrated as improving in quality.	29/12/2017	Ongoing	Head of Business Assurance (CEB)
Delays in responding to auditor queries	A detailed analysis of transactions was not requested from CEB until the start of the audit and this was done on a code by code basis which meant that the auditors had to wait for information to be received before they could select samples. This led to delays in receiving responses to queries which in turn led to delay in the completion of the audit.	2.4	Provide early notification to CEB of audit dates and document key CEB contacts with roles and responsibilities, staff availability and holiday commitments.	28/02/2018	Not started	Head of Treasury and Pensions
		2.5	Agree an SLA with CEB for turnaround of audit queries.	28/02/2018	Not started	Head of Treasury and Pensions
		2.6	Request a full transaction analysis and analysis of membership movements from CEB, to be provided by in early April, in order that this can inform the accounts preparation process and the auditors, if they wish, can select samples prior to the start of the audit.	31/03/2018	Not started	Head of Treasury and Pensions
Specific issues raised in the ISA 260	There is no independent authorisation process for journal entries within the Pension Fund environment of Integra. The auditors recommend that this is implemented, in line with the LBB system enforced control environment.	2.7	Journal authorisation will be implemented within the Pension Fund environment of Integra.	31/10/2017	Not started	Assistant Director of Finance (CSG)
	The CIPFA Code of Practice on Local Authority Accounting in the UK (The Code) recommends that all direct investment management expenses are separately identified and disclosed. The Fund has not taken any steps this year to identify and separately disclosed so-called 'hidden' investment management expenses such as transaction costs which are contained within the net gain or loss on disposal of investments. This was a Code recommendation in 2016/17 but will become mandatory from 2017/18.	2.8	Engage with fund managers to ensure that they will be able to provide the information required to comply with the 2017/18 Code on 'hidden' investment management expenses	30/11/2017	Not started	Head of Treasury and Pensions

AUDIT PROCESS

Working effectively with the auditors	The audit process did not conclude in line with pre-agreed deadlines	3.1	Confirmation of new Audit Manager	31/10/2017	Completed	Partner (BDO)
		3.2	Confirmation of audit team and areas of responsibility	29/12/2017	Not started	Audit Manager (BDO)
		3.3	Plan for interim audit including timeframes	29/12/2017	Not started	Audit Manager (BDO)
		3.4	Plan for final audit including timeframes	29/12/2017	Not started	Audit Manager (BDO)
		3.5	Agreement of triggers and parameters for escalation so CFO and Members are sighted on issues in order to put rectification plans in place	30/11/2017	Completed	Partner (BDO) with Director of Resources
		3.6	Workshop with finance team to review which processes and testing can be brought forward to ensure a completion of audit by the end of July	30/11/2017	Not started	Audit Manager (BDO)

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Audit Committee

2 November 2017

Title	Corporate Anti-Fraud Team (CAFT) Q2 Progress Report: July - September 2017
Report of	Clair Green – Assurance Director
Wards	All
Status	Public
KEY	No
URGENT	No
Enclosures	Appendix 1: - CAFT Q2 Progress Report: July – September 2017.
Officer Contact Details	Clair Green clair.green@barnet.gov.uk 0208 359 7791

Summary

This report covers the period 1st July 2017 – 30th September 2017 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 2017 – 30th September 2017

1. WHY THIS REPORT IS NEEDED

- 1.1 The Audit Committee included in the work programme for 2017/18 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 20 April 2017 (Decision Item 12) – the Audit committee approved the Internal Audit and Anti-Fraud Strategy and Annual Plan 2017-18

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Appendix 1

Corporate Anti-Fraud Team (CAFT) Q2 Progress Report: July – September 2017

1. Introduction
2. Pro-Active Fraud Plan
3. Performance Indicators
4. Noteworthy Investigations summaries

1. Introduction

This report covers the period 1st July 2017 – 30th September 2017 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. Under section 151 of the Local Government Act 1972 the council has a responsibility to ensure the protection of public funds and to have an effective system of prevention and detection of fraud and corruption, this function is delegated to the Assurance Director through the work of CAFT. 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 on 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 sanctions or action are taken. It is this element of the work of CAFT that is hard to quantify statistically.

During the last quarter CAFT have further developed relationships with other local authorities namely London Borough of Haringey where joint working and assistance has been established to utilise the enhanced investigative powers of the Barnet CAFT Financial Investigators in relation to Proceeds of Crime investigations under a memorandum of understanding.

CAFT investigators have dealt with a high level of work during this quarter; there have been a total of **441** investigations in quarter 2 as detailed in **Table 1** below further detail on these investigations is provided in Table 3.

Table 1

Investigation Types	Q1	Q2
Total number of Corporate Fraud cases investigated	48	40
<i>Total number of Corporate Fraud cases closed</i>	<i>22</i>	<i>18</i>
Total number of Blue Badge cases investigated	91	143
<i>Total number of Blue Badge cases closed</i>	<i>44</i>	<i>49</i>
Total number of Financial Fraud cases investigated	12	14
<i>Total number of Financial Fraud cases closed</i>	<i>3</i>	<i>1</i>
Total number of Tenancy Fraud cases investigated	206	244
<i>Total number of Tenancy Fraud cases closed</i>	<i>91</i>	<i>115</i>
Overall Total to date cases investigated	357	441
<i>Total number of cases closed</i>	<i>160</i>	<i>183</i>

2. Pro-active fraud plan

Table 2 provides an update against any CAFT pro-active activity undertaken in this period as set out within the 2017/18 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>CAFT have conducted two intelligence led pro-active 'street' Operations in Q2 – during these exercises CAFT officers are accompanied by NSL Parking Enforcement Officers and Barnet Police.</p> <p>The first Operation was carried out on 23rd August 2017 in the Finchley Area. <i>10 cases were identified as possible Fraud or Misuse and referred for further investigation. Out of these 2 badges were found to be lost or stolen, the remaining 8 cases were confirmed as being misused. 8 badges were seized during this operation.</i></p> <p>The second Operation was carried out on 28th September 2017 in the High Barnet Area. <i>8 cases were identified as possible fraud or misuse and referred for further investigation. Out of these 1 badge was found to be a cancelled badge and the remaining 7 were confirmed as being misused. 4 badges were seized during this operation.</i></p>

3. Performance Indicators

Table 3 provides an update against all performance indicators as set out within the 2017/18 fraud plan. *(No targets are set against these indicators; they are purely the results of CAFT re-active and continuous investigation work – with the exception of Tenancy Fraud 'Properties Recovered' which is agreed with Barnet Homes as an annual figure of 60 properties).*

Performance Indicator	Q2 2017-18	Comments
Corporate Fraud Team deal with the investigation of any criminal and fraud matters (except 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	26	
Number of new fraud investigations	14	
Total number of Cases dealt with in Q2	40	
Total Number of closed fraud investigations	17	7 closed No Fraud identified 6 closed insufficient evidence 3 closed advice and assistance given to the

		department 1 caution issued
Total number of cases that were closed after prosecution in Q2	1	Please refer to case 8 on the noteworthy investigations sections of the report for further details
Total number of closed cases in Q2	18	
Total number of on-going fraud investigations	22	6 relate to Assisted Travel (Application fraud) 1 relates to Business Rates 1 relates to Adult Care 1 relates to Catering 1 relates to Family Services 1 relates to Parking 5 relate to Schools & Learning 6 relate to Waste & Recycling
Total number of cases carried into Q3	22	
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	47	
Number of new referrals received	96	As a result of these referrals 14 badges have been seized.
Total number of BB cases in Q2	143	
Total number of BB cases closed in Q2	49	
Number of cases that were closed after prosecution in Q2	7	These cases were put before the courts in this second quarter and resulted in 7 guilty verdicts. Please refer to noteworthy investigations sections of the report for further details
Number of cases closed with Cautions being Administered in Q2	13	Please refer to noteworthy investigations sections of the report for further details
Number of cases closed with a warning letter sent to badge holder in Q2	16	Warning letters* are issued where there is a strong suspicion that a holder's badge is being misused. *some relate to Barnet badges seized by other local authorities
Number of cases closed with no further action	13	4 were closed as no fraud identified, and 9 were closed due to insufficient evidence.
Number of On-going BB investigations	91	
Number of cases with legal awaiting court action	3	All of these cases are already with our legal team pending prosecution
Total number of BB cases Carried into Q3	94	

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 Q1	10	
Number of new Financial investigations in Q2	4	
Total number of Financial cases in Q2	14	
Total number of closed Financials in Q2	1	This case was closed due to insufficient evidence
Total Number of on-going Financial investigations	13	Of these ongoing investigations: - 5 relate to Planning 2 relate to Tenancy Fraud 1 relates to Adults and Communities 1 relates to direct payments 4 relate to investigations undertaken for L.B Haringey Details of cases are reported on closure if fraud is proven or another sanction given.
Total number of Financials carried into Q3	13	
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 half year and year-end 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	92	As from April 2017 CAFT took on the responsibility for vetting all Right to Buy Applications submitted to Barnet Homes
Number of new Tenancy Fraud Cases in Q2	84	
Number of Right to Buy cases carried over from Q1	23	
Number of new Right to Buy Cases in Q2	45	
Total number of cases in Q2	244	
Number of Tenancy cases closed due to property being recovered	14	3 relate to succession applications where 2 were recovered via civil court action and 1 voluntarily surrendered 4 relate to emergency accommodation where 1 was recovered via peaceful possession and 3 were voluntarily surrendered 7 relate to standard tenancies where 2 were recovered via civil court action due to subletting and 5 were voluntarily surrendered as a result of the CAFT investigation
Number of Tenancy cases closed with no further action being taken	63	These cases were all investigated. All 63 were closed due to no fraud being identified

Number of Housing Applications refused as a result of CAFT intervention	3	CAFT work closely with the Housing Options Team and carry out verification exercises for the purpose of identifying inaccurate information being submitted on housing application forms. These exercises allow us to reserve the housing waiting list for only those who have a legitimate need for social housing
Number of Right to Buy cases closed due to applications being denied	7	A saving of £625,400 in discounts on 6 properties was achieved by preventing the sale of the properties due to the application being withdrawn as a result of CAFT involvement. 1 case did not get to the valuation stage due to our investigations so the discount was not applied.
Number of Right to Buy cases closed	28	All Right to Buy cases are now validated by CAFT. These cases were validated as having no issues and so allowed to progress through the system
Total number of cases closed in Q2	115	
Total number of on-going Tenancy Fraud Investigations.	85	
Number of cases with legal awaiting court action	11	Of these 11 cases 5 are with legal awaiting criminal action and 6 are with legal awaiting civil action.
Total number of on-going Right to Buy Investigations.	33	
Number of Housing cases carried into Q3	129	
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	Nil this quarter. This is reported in accordance with Policy.	

4. Noteworthy investigation summaries: -

Tenancy Fraud Investigations

Mr A had a two-bedroom house in Barnet. A referral was received from the neighbourhood team who had concerns that the tenant was not residing. The Investigation identified that the tenant was nearly always abroad. The matter was passed to our legal team and an outright possession order was granted. Bailiff's subsequently recovered the property.

Mrs B had a three-bedroom house in Barnet. A referral was received from the neighbourhood team who had concerns that the property was unoccupied. The investigation revealed that the tenant was very rarely in the Country and an unannounced visit by a Tenancy Fraud Officer found a sub-tenant present. Mrs B refused to attend interviews under caution and the matter was passed to our legal team. An outright possession order was granted and Bailiffs' subsequently recovered the property.

Mr C had a studio flat in emergency accommodation in Barnet. A referral was received from the emergency accommodation team who had concerns that the tenant may not be resident. A visit was made to the property and a female was found to be resident. She initially made out that she was a friend of the tenant but when questioned further admitted she had just moved into the property. Mr C was served with notices to quit but made no contact and the property was recovered through peaceful possession.

Mr D had a three-bedroom house in Barnet. A referral was received via the fraud hotline where the informant stated that they used to rent a room at the property and that the property was currently being sub-let to someone else. The resulting investigation showed that the tenant's main banking activity was being conducted in an area some distance from the residence. Other evidence such as car insurance and gym membership were also linked to that same area. Following discussions with the tenant and his solicitor, it was agreed that he would voluntarily hand the keys back.

Mr E had a one bedroom flat in Barnet. An anonymous referral was received alleging that the tenant had recently moved out of the property and a new person was staying there. An unannounced visit was conducted by a Tenancy Fraud Officer who was able to confirm that the tenant was not residing there. A Notice to Quit was issued to the tenant and after a number of formal discussions, the keys were Voluntarily surrendered

Mr F made an application to succeed on a one bedroom flat in Barnet. The matter was referred to CAFT who were able to identify that the applicant had links to another property. On further investigation, it was found that he already held a tenancy at another address and was therefore not eligible to succeed. The matter was passed to our legal team and an outright possession order was granted by the civil courts. Bailiff's subsequently recovered the property.

Miss G applied to succeed the late tenant in a two bedroom flat in Barnet. CAFT received a referral from the neighbourhood team who had concerns regarding the entitlement to succeed. The CAFT investigation confirmed that there was in fact no entitlement and notices to quit were issued to Miss H. The matter was passed to our legal team and an outright possession order was granted by the civil courts. Bailiff's subsequently recovered the property.

Mr H had a two-bedroom emergency accommodation in Barnet. CAFT received a referral from the emergency accommodation team who had concerns the tenant was not resident. The investigation was able to prove that the tenant had links to a property elsewhere and as a result an outright possession order was granted with Bailiffs' subsequently recovering the property

The Keys from a further 6 properties were recovered by consent without the need to take any legal action

Blue Badges & Corporate Fraud Investigations

Case 1 – Relates to the misuse of a deceased person's badge, the defendant failed to attend interview appointments to discuss the offence and then failed to attend court after receiving a summons. The suspect was subsequently prosecuted in his absence and received a fine of £250, ordered to pay costs of £689 and a victim surcharge of £30.

Case 2 – relates to the use of a counterfeit badge, the defendant was found to have been using a copy of his mother's disabled badge which had been cut to size and laminated in an attempt to make it appear genuine, the suspect was prosecuted for the offence and received the maximum £1,000 fine. He was also ordered to pay costs of £1,001 and a victim surcharge of 100, this case received national newspaper coverage as the suspect was a multi-millionaire businessman.

Case 3 – relates to the misuse of a badge where the suspect had used her mother's badge to allow her to park for work duties that she was carrying out at the time. She fully admitted the misuse however it was identified that she had a previous conviction for misusing the same badge in 2015 in another borough. On this basis she was successfully prosecuted by Barnet and received a fine of £230 and was ordered to pay costs of £790 and a £30 victim surcharge.

Case 4 – Relates to a student who was found to be using his grandmother's badge to park at his university. As a student of law, he attempted to offer what he believed was a good explanation to the magistrate, however this was not accepted as a reason for him to be illegally using the badge and he was found guilty of the offence. He was sentenced to a fine of £200, ordered to pay £405 costs and a victim surcharge of £30

Case 5 – Relates to the misuse of an expired badge. The driver was uncooperative and drove away while being spoken to regarding the misuse. He was formally identified and successfully prosecuted despite protesting his innocence. He was fined £120, ordered to pay £200 in costs and a victim surcharge of £30

Case 6 – Relates to the misuse of an expired badge by a student who was using it to attend university. The suspect failed to attend an interview under caution despite being given several opportunities. She was subsequently prosecuted and fined £250, ordered to pay £1,162.66 in costs and a victim surcharge of £30

Case 7 – Relates to the misuse of a cancelled badge in Mill Hill. The driver of the vehicle was identified and failed to attend an interview under caution on several occasions. She was therefore prosecuted and found guilty of the offence of blue badge misuse. She was sentenced to the maximum fine of £1,000, ordered to pay costs of £950 and a victim surcharge of £100

Case 8 – This case relates to an individual who falsified documentation in order to appeal several parking tickets that he had received within the borough. By using altered breakdown reports he appealed tickets on the basis that he was not able to start or move his vehicle. He was prosecuted and fined £1,000 and ordered to pay costs of £1,000 and a victim surcharge of £50

Simple Cautions (formerly known as Formal or Police Cautions)

The aims of the simple caution scheme are:

To offer a proportionate response to low-level offending where the offender has admitted the offence;

To deliver swift, simple and effective justice that carries a deterrent effect;

To record an individual's criminal conduct for possible reference in future criminal proceedings or in criminal record or other similar checks;

To reduce the likelihood of re-offending;

To increase the amount of time police/investigation officers spend dealing with more serious crime and reduce the amount of time officers spend completing paperwork and attending court, whilst simultaneously reducing the burden on the courts.

Thirteen cautions were administered by CAFT in Q2 where disabled blue badges were found being misused. Following investigative interviews under caution, the circumstances of these cases allowed CAFT to consider them to be dealt with by way of the administration of a formal caution.

Seven of these cases related to instances where errands were being run by family members on behalf of the badge holder. These errands related to the collection of items such as medication. The offenders stated that they believed that the badge could be used for such action but when the Blue badge scheme was explained to them they realised that their actions fell outside of what was permitted.

Three cases relate to the persons misusing badges for the sole purpose of conducting their weekly shopping.

One case related to a situation where the offender used the badge to allow them to park close to a school where they were due to collect a child who was not the Badge holder.

Two cases relate to badges being misused by the offenders to allow them to park near their places of work

**London Borough of Barnet
Audit Committee Work
Programme
November 2017 to April 2018**

Contact: Tracy Scollin 020 8359 2315 tracy.scollin@barnet.gov.uk

Subject	Decision requested	Report Of	Contributing Officer(s)
2 November 2017			
Internal Audit Exception Recommendations and Progress Report Q2 1st July – 30th September 2017	To note the progress against internal audit recommendations and work completed to date on the Internal Audit Annual Plan 2017-18 and high priority recommendations.	Head of Internal Audit	-
Corporate Anti-Fraud Team (CAFT) Q2 Progress Report: 1st July – 30th September 2017	To note the work undertaken by Corporate Anti-Fraud Team (CAFT) during the period 1st July – 30 September 2017.	Assurance Director	Head of Counter Fraud Operations
External Auditor Progress Report	Provides a progress report from BDO on their progress of external Audit activities for 2017/18.	Director of Resources)Section 151 Officer)	External Auditors
Review and Improvement Plan <i>As agreed at Audit Committee 19 September 2017</i>	TBC	Director of Resources)Section 151 Officer)	Assurance Director

Subject	Decision requested	Report Of	Contributing Officer(s)
31 January 2018			
Internal Audit Exception Recommendations and Progress Report Q3 1st October – 31st December 2017	To note the progress against internal audit recommendations and work completed to date on the Internal Audit Annual Plan 2017-18 and high priority recommendations.	Head of Internal Audit	
Corporate Anti-Fraud Team (CAFT) Q3 Progress Report: 1st October – 31st December 2017	To note the work undertaken by Corporate Anti-Fraud Team (CAFT) during the period 1st October – 31st December 2017	Assurance Director	Head of Counter Fraud Operations
External Audit Annual Audit Letter 2016-17	To consider the External Auditor's Annual Audit Letter for 2016/2017 on the Council's position in respect of the Audit of the Accounts, Financial Performance, Value for Money and Financial Resilience.	Director of Resources (Section 151 Officer)	External Auditors
Grants Certification Work Report 2016/2017	To consider the report from the External Auditors on the Council's management arrangements in respect of the certification process for grants	Director of Resources (Section 151 Officer)	

Subject	Decision requested	Report Of	Contributing Officer(s)
External Auditor Progress Report	To note the progress report from BDO on their progress of external audit activities for 2017/18. The report confirms that all work has been completed, other than concluding on matters raised by members of the public regarding the lawfulness of transactions in the financial statements	Director of Resources)Section 151 Officer)	External Auditors
19 April 2018			
Internal Audit Exception Recommendations and Progress Report Q4 1st January – 30th March 2018	To note the progress against internal audit recommendations and work Completed to date on the Internal Audit Annual Plan 2017-18 and high priority recommendations.	Head of Internal Audit	
Corporate Anti-Fraud Team (CAFT) Annual Report 2017-18	The CAFT annual report provides a summary on the outcome of all CAFT work undertaken during 2017-18 including progress against the objectives as set out in the annual fraud strategy and work plan.	Assurance Director	Head of Counter Fraud Operations
Internal Audit Annual Opinion 2017-18	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)
Internal Audit and Anti-Fraud Strategy and Annual Plan 2018-19	To approve the 2018/19 Internal Audit & CAFT plan	Head of Internal Audit Assurance Director	Head of Counter Fraud Operations
External Audit Planning Report 2017-18	This report advises the committee of BDO's audit planning report for 2017/18	Director of Resources (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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