

<b><u>MEETING</u></b> <b>AUDIT COMMITTEE</b>
<b><u>DATE AND TIME</u></b> <b>MONDAY 30TH JANUARY, 2017</b> <b>AT 7.00 PM</b>
<b><u>VENUE</u></b> <b>HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4BQ</b>

Dear Councillors,

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

Item No	Title of Report	Pages
1.	PUBLIC QUESTION AND COMMENTS (IF ANY)	3 - 14

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**AUDIT COMMITTEE  
MONDAY, 30 JANUARY 2017**

**ITEM 5 – PUBLIC QUESTIONS AND COMMENTS**

**Note**

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

Qn No	Agenda Item No	Raised By	Question Raised	Answer
1.	<b>Item 7</b> - Internal Audit Exception Recommendations and Progress Report Q3 1st October – 31st December 2016	Mr Nicholas Dixon	Prior to this Audit of 2016/17, when was Barnet Planning / Re last audited?	In October 2013 there was an audit of the Planning Service Performance which resulted in a Limited Assurance opinion, the main issue identified being around Data Quality.

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2.	<b>Item 7</b> - Internal Audit Exception Recommendations and Progress Report Q3 1st October – 31st December 2016	Ms Theresa Musgrove	<p><i>Planning complaints timeliness - In 2/5 (40%) cases, stage 1 and 2 complaints were not acknowledged, nor responded to in line with the policy in place. In 1/2 (50%) cases, stage 3 complaints were not acknowledged in a timely manner in line with the policy in place (Medium risk).</i></p> <p>Will the Chair take action to ensure that this abysmal rate of response to complaints is urgently and effectively addressed, and does not Re have a contractual obligation to reach a higher standard of performance than this?</p>	Yes

<p>3.</p>	<p><b>Item 7</b> - Internal Audit Exception Recommendations and Progress Report Q3 1st October – 31st December 2016</p> <p><b>Addendum report</b> Appendix 1 - Regional Enterprise (Re): Operation Review Phase 2: Operating Effectiveness Investigating and resolving alleged breaches of planning control</p>	<p>Ms Mary O'Connor</p>	<p>Appendix 1 of the Addendum clearly indicates that planning control is woefully inadequate as there are 619 enforcement cases which are currently without a recommended action. Examples highlighted are, 'eight months between the case opening and a site visit', and, 'an investigation had commenced in July 2015 but we were not supplied with any evidence of further activity on the case since'.</p> <ul style="list-style-type: none"> <li>a) With no indication of the nature of the complaint, could these include building without any planning permission or demolition of a building without Council permission?</li> <li>b) As 175 cases are over a year, why has this not been reported to an Audit Committee previous to this?</li> </ul>	<p>The 619 cases have been reported as the action taken has not been logged in the system. This does not mean no action has been taken. Enforcement action is taken against all the breaches outlined above. The service now operate a prioritisation system for enforcement cases, the progress on which is regularly reviewed with the council commissioning team. This was reported to the Audit Committee at this point in time as it was part of the 2016/17 agreed Internal Audit Plan. The annual Internal Audit plan is devised after a period of consultation with senior management at the Council and is approved by the Audit Committee. The operational detail of the performance of a particular service should be reported to and challenged by the relevant Theme Committee.</p>
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4.	<p><b>Item 7</b> - Internal Audit Exception Recommendations and Progress Report Q3 1st October – 31st December 2016</p>	Mr Nicholas Dixon	<p>At the last Audit Committee meeting, in November 2016 ( 3/11/16), Ms Green, the Interim Assurance Director ( previously, Assurance (Assistant) Director, Fraud, Audit and Risk), stated that there was work to be done " to align Re/ Planning with corporate anti-fraud operations".</p> <p>Please could you explain precisely what was meant by this statement?</p>	<p>As reported and explained at last Audit Committee meeting an internal audit and anti-fraud review relating to 'Re Operational Review' Phase 1' was completed which resulted in an 'Reasonable Assurance' opinion.</p> <p>One of the recommendations within that review was for Re to ensure that their procedures were aligned to the councils 'Counter Fraud Framework' and in particular that they <i>'should ensure that procedure documents include where Officers should make referrals relating to internal fraud, External fraud against the Council or money laundering offences to the Corporate Anti-Fraud team'</i>.</p> <p>The risk of any documented policies not clearly defining expectations' <i>is that activity may be undertaken inappropriately or inconsistently resulting in required outcomes not being achieved and the objectives of the Council and Joint Venture may not be realised.</i></p> <p><i>If policies and procedures do not refer officers to the appropriate role/team where applicable then decisions or responsibilities may be discharged by personnel without the prerequisite knowledge or experience resulting in required outcomes not being achieved'.</i></p> <p>An update on progress of implementation of this recommendation is provided within the Internal Audit quarter three progress update – section 8.</p>
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5.	<b>Item 7</b> - Internal Audit Exception Recommendations and Progress Report Q3 1st October – 31st December 2016 –	Ms Theresa Musgrove	a) Does the Chair not agree that it is utterly unacceptable that the recommendations in regard to IT disaster recovery plans have still not been fully implemented, nearly a year later?  b) What does this say about the extent of communications between the contractors ie Capita, and the council, and how does this represent good value for money for residents and taxpayers?	<p>This is a very complex area and the council and CAPITA have been working very closely to ensure that all recommendations are implemented.</p> <p>There have been detailed progress update reports from the audit team on the progress of implementation along with attendance from senior officers of the council and CAPITA at every meeting of the Audit Committee since this matter was first raised. This in itself demonstrates that both the council and CAPITA are communicating and working together for the best possible outcome.</p>

6.	<p><b>Item 7 - Internal Audit Exception Recommendations and Progress Report Q3</b> 1st October – 31st December 2016 –</p>	Ms Mary O'Connor	<p>a) Is there not an adequate IT system to flag incomplete enforcement?  b) If not, why has the IT system not been upgraded to be adequate?  c) If there is, why have so many been left for well beyond the very generous time period of 90 days for KPI0001?</p>	<p>The database for planning cases, Uniform, is being upgraded to automate the process and flag interventions</p> <p>Enforcement Action should always be commensurate with the breach. When considering enforcement action the alleged breach of planning control and associated development must be assessed against relevant planning policies and other material planning considerations. A notice, if it is considered appropriate to serve on, must state the reason why the development is unacceptable (the same principles as a planning application). The role of planning enforcement is not to automatically rectify works without consent. Also when considering enforcement action the Planning Authority should not normally take action in order to remedy only a slight variation in excess of what would be permitted development. The serving of a formal notice would in most cases follow negotiations with land owners to voluntarily resolve the breach and a number of cases are resolved in this way (see next section). Furthermore, the majority of cases are resolved without the need to take formal enforcement action.</p> <p>Enforcement can be an extremely lengthy process. A recent Member awareness session on Planning Enforcement demonstrated how cases can take as long as two years to resolve. The recent successful action at Quantock Gardens took 6 years to successfully conclude. The case log Re has developed allows the number of open cases to be reviewed by the council.</p>
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7.	<b>Item 7</b> - Internal Audit Exception Recommendations and Progress Report Q3 1st October – 31st December 2016	Mr Nicholas Dixon	Why should any "align" ment be necessary, given that the council wide fraud policy is clear in its scope, procedure, and is robust?	I agree that the council wide fraud policy is clear and robust. However it is good practice for other council services and relevant partner policies to always ensure they are clearly aligned to a council policy - as explained in response question 3 above.
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8.	<p><b>Item 7</b> - Internal Audit Exception Recommendations and Progress Report Q3 1st October – 31st December 2016 –</p> <p><b>Addendum report</b> Appendix 1 - Regional Enterprise (Re): Operation Review Phase 2: Operating Effectiveness Investigating and resolving alleged breaches of planning control</p>	Ms Theresa Musgrove	<ul style="list-style-type: none"> <li>• Please state the procedures that are in place for verification of any factual errors or omissions in planning applications that have been reported by interested parties to the planning department.</li> <li>• Please state which designated officers (in Barnet Council or Re) are involved in these procedures e.g case planning officer, senior planner, planning manager, legal officer.</li> <li>• When was this system of verification first introduced for use in Barnet planning?</li> <li>• What was the system in place before the current system?</li> </ul>	<p>The validity of planning applications is checked at the point of receipt by a technical officer against national and Barnet’s local validation requirements. All representations made by interested parties to a planning application following validation are reviewed by the planning case officer.</p> <p>Planning managers and legal officers might also review those representations depending on the type of errors or omissions reported to the case officer by interested parties – such decision would usually be made on a case by case basis during a case review between the case officer and their manager.</p> <p>The content of all representations received before a planning application is determined is contained and addressed in the officer’s delegated or committee report and all reports are cleared by a Planning Manager with delegated authority. These steps are part of due diligence of dealing with a planning application and there has been no changes to these arrangements in recent times.</p>

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9.	<b>Item 7</b> - Internal Audit Exception Recommendations and Progress Report Q3 1st October – 31st December 2016	Ms Theresa Musgrove	Please explain why there is a need to 'align' Re with counter fraud policies.  a) How can any authority fail to notice that its contractor or partner in a joint venture is not already abiding by the corporate anti-fraud policy?  b) What level of risk has this created in terms of exposure to a. fraud, and b. the potential enablement of money laundering?	Refer to answer in question 3 above  a) The audit review and recommendation does not state that, and, there is no suggestion that 'Re' is not abiding by the councils anti-fraud policy  b) The fact that referrals have previously been made by Re to CAFT suggests that concerns relating to potential fraud / money laundering are being communicated as required.

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10.	<b>Item 8</b> - Corporate Anti-Fraud Team (CAFT) Q3 Progress Report: 1st October - 31st December 2016	Ms Theresa Musgrove	<p>a) Have there been any investigations by CAFT into potential fraud and/or money laundering activities in regard to the sale of council owned properties within the last and current financial years?</p> <p>b) If so, are such investigations ongoing, or has any action been taken?</p>	<p>a) Yes - CAFT do conduct investigations into council owned properties.</p> <p>A statistical summary of the related cases that have been completed in recent years are listed below and all relate to council owned properties and request to purchase or purchases under the 'Right to Buy (RTB) Scheme'</p> <p>In 15/16 – <b>18</b> RTB applications were denied as a result of CAFT investigations and intervention.</p> <p>In 16/17 (up to 31/12/16) <b>9</b> RTB applications were denied as a result of CAFT investigations and intervention.</p> <p>b) At present there are 7 ongoing investigations into RTB applications.</p> <p>All of the reported 27 cases above have concluded with denial of their RTB and one case has been prosecuted for offences under the Fraud Act 2006.</p>

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11.	<b>Item 12</b> - External Auditor Progress Report	Ms Theresa Musgrove	<p>It is now six months since residents made formal objections to the accounts in regard to the sale of Victoria Park Lodge, and there is a reference in this report that states work on this issue remains in progress: this seems an extraordinary length of time for an objection to remain in regard to one transaction, and would seem to confirm that residents were right to raise their concerns over the cash sale of this publicly owned property, in a park intended for the enjoyment of local residents.</p> <p>a) Can the external auditors give us a more detailed update on the progress of this objection?</p> <p>b) Has he identified any concerns in regard to the handling of this sale?</p>	<p>Update from external auditors:-</p> <p>We have completed our investigation into the objection from members of the public regarding the lawfulness of the disposal of Victoria Park Lodge. Our conclusion is that we are content that the Council had the powers to proceed with this sale and officers have taken appropriate advice from the Charity Commission with regard to the application of the sums received from the disposal.</p> <p>We have received subsequent correspondence alleging impropriety around planning applications and the covenants attached to the land and have kept this under review. We will, in due course, issue a formal Statement of Reasons with the findings of our review.</p>

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