

MEETING

AUDIT COMMITTEE

DATE AND TIME

THURSDAY 22ND NOVEMBER, 2018

AT 7.00 PM

VENUE

HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4BG

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
5.	PUBLIC QUESTION AND COMMENTS	3 - 38

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AUDIT COMMITTEE
Thursday 22 November

ITEM 5 – PUBLIC QUESTIONS AND COMMENTS

Note

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

Public Comment (up to 3 minutes per comment)

Agenda Item No	Public Comment Request
Item 7 - Report of the Chief Executive	Mr Roger Tichborne
Item 8 - Item 8 - Internal Audit Exception Recommendations Report and Q2 Progress Report 1 st July to 30 th September 2018	Mr John Dix
Item 7 - Report of the Chief Executive	Ms Barbara Jacobson
Item 7 - Report of the Chief Executive	Ms Theresa Musgrove
Item 9 - Item 9 - Corporate Anti-Fraud Team (CAFT) Q2 Progress Report 2018-19	Ms Jenny Brown
Item 7 - Report of the Chief Executive	Mr Fred Leplat
Item 7 - Report of the Chief Executive	Mr Nicholas Dixon

AGENDA ITEM 5

Qn No	Agenda Item No	Raised By	Question Raised	Answer
1.	Item 7 - Report of the Chief Executive	Mr Roger Tichborne	Please can the chair of the committee explain why the public should have confidence in the Grant Thornton report, given that they were the council auditors at the time that the Capita contracts were set up. Whilst the report does appear to be thorough and professionally produced, there is a clear conflict of interest and surely a completely independent firm, who had no possible vested interest in the outcome of the review	<p>Grant Thornton were the Council's external auditors for the years 2002-03 to 2014-5 and the alleged fraud took place after this period of audit (the first alleged fraudulent transaction took place in July 2016). The Review considered the controls in place from the time the alleged fraud started and the extent to which controls had been revised since.</p> <p>Other companies were considered and discounted before the appointment of Grant Thornton; BDO for example were considered inappropriate as they are the Council's current auditors and PwC were discounted given they are the Council's current internal auditors.</p> <p>GT have considerable experience and skills in this area and this response should give the public the reasons why they should have confidence that GT has carried out a professional review that can be relied upon</p> <p>No conflict of interest exists.</p>

Qn No	Agenda Item No	Raised By	Question Raised	Answer
2.	<p data-bbox="309 204 573 451">Item 8 - Internal Audit Exception Recommendations Report and Q2 Progress Report 1st July to 30th September 2018</p> <p data-bbox="309 528 573 592">Temporary and Interim Workforce</p>	Mr John Dix	<p data-bbox="781 204 1382 1241">In April 2014, Internal Audit gave People Management a limited assurance rating and in particular identified; “There are no checks performed by the Council to ensure that all pre-employment checks have been completed on agency staff by Comensura, in particular, the Disclosure and Barring Service (DBS) checks”. It also identified that “There is no requirement for the order of agency staff on the Comensura system to be approved by a more senior officer. There is therefore a risk that agency staff may be appointed without appropriate approval”. In June 2015 People Management was given a limited assurance rating with the report noting that “Comensura are also required to perform an annual audit of the third-party agencies used to provide staff to the Council. The audit includes testing that agency staff have the correct DBS clearance specified in the role description. Management were unable to provide evidence that Comensura had provided the Council with the result of the audit performed in the 2014/15 financial year”. Today we have a no assurance rating identifying some of the same issues. In light of the foregoing please can you explain why we are seeing the same problems in this latest report and why a serious issue of inadequate DBS checks procedure identified in April 2014 is still occurring 4 years later?</p>	<p data-bbox="1404 204 2058 667">The purpose of conducting the recent audit was to identify any issues and apply the learning to the new contract in anticipation of the forthcoming re-procurement of the temporary worker neutral vendor contract. A new provider was appointed following the re-procurement and in order to address the audit finding in relation to DBS checks further controls have been implemented within the workflow. In addition, the manager guidance and training for the new provider ordering system has included specific instructions in relation to roles requiring DBS checks and manager responsibilities as well as a new approach to management of the contract.</p> <p data-bbox="1404 692 2058 1043">April 2014 People Management audit – this was followed up in July 2014 and it was confirmed that appropriate action had been taken at that time against the two high priority findings (‘Recruitment of agency staff – approval’ and ‘Recruitment of agency staff – Disclosure and Barring Service (DBS) checks’). Therefore, assurance was provided that at that point in time (July 2014) the controls were found to be operating effectively. Internal Audit’s conclusions do not by their nature cover future periods.</p> <p data-bbox="1404 1069 2058 1281">June 2015 People Management audit – the finding around Comensura annual audits of third party agencies in relation to DBS checks was Medium risk and was followed up in the most recent review of Interim and Temporary Workforce when it was found to be not currently implemented.</p> <p data-bbox="1404 1307 2058 1441">As a result of previous audits, DBS processes were strengthened. However, these improvements have subsequently weakened again in the expired Comensura contract.</p>

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3.	Item 7 - Report of the Chief Executive para 1.13	Ms Barbara Jacobson	If the report to Policy & Resources will not include the full business cases for all three options, as voted for at the 19 July meeting, why not? If the full business case for all options is to be presented at a later date, when will that be and will it precede any decision about the Capita contracts?	A Business Case that considers the three options in the Policy and Resources Committee paper of 19 July 2018 is due to go Policy and Resources Committee on 11 December 2018. This will include recommendations in relation to Finance and Strategic HR and outline the next steps for reviewing other services
4.	Item 7 - Report of the Chief Executive para 1.13	Ms Theresa Musgrove	<p>1.13 A report was agreed by Policy and Resources Committee on 19 July which proposed a review of the CSG and Re contracts, with the option of bringing a number of services in house, while continuing with and building on the success of a number of other services within the contracts. A report will go to Policy and Resources Committee in December 2018 which updates on this process. The Council is looking at reviewing these services on a phased basis, with early consideration of Finance and Strategic HR in December, and decisions on other services following soon after that.</p> <p>The council no longer proposing business cases for the three options as agreed by committee earlier this summer: please explain specifically what has changed since then to justify such a decision?</p> <p>Please list the number of services alleged to be run successfully, with a summary of the evidence for each claim.</p>	<p>See response to question 3.</p> <p>In addition, performance of services within the CSG and RE contracts is reported to the Financial Performance and Contract Management Committee (CSG) and the Assets, Regeneration and Growth Committee (Re) and Environment Committee</p> <p>https://barnet.moderngov.co.uk/documents/s49881/Quarter%20%20201819%20Environment%20Performance%20Report.pdf</p> <p>The Q1 performance reports are available here:</p> <p>CSG – https://barnet.moderngov.co.uk/documents/s48737/Q1%2018-19%20Contracts%20Performance%20Report.pdf</p> <p>RE – https://barnet.moderngov.co.uk/documents/s48475/Quarter%201%20201819%20Assets%20Regeneration%20and%20Growth%20Performance%20Report.pdf</p>

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5.	Item 9 - Corporate Anti-Fraud Team (CAFT) Q2 Progress Report 2018-19	Ms Jenny Brown	What is the annual budget allocation to CAFT and what budget does this come out of?	<p>In 2018-2019 the CAFT budget allocation is £420,000 which includes £177,000 from the Housing Revenue Account (specifically to fund Tenancy Fraud Investigations).</p> <p>There is an additional £75,000 allocated to CAFT from the Special Parking Account (specifically to fund Blue Badge Misuse Investigations)</p> <p>There is a further estimated use of £258,000 from Proceeds of Crime Confiscation income used to fund anti-fraud initiatives, anti-fraud special projects and some investigation staff.</p>
6.	Item 7 - Report of the Chief Executive	Mr Fred Leplat	The Grant Thornton report was of limited scope but found extremely grave failings, such as no proper budgetary controls, no checking of basic banking details, inexperienced managers responsible for large amounts of Council money, no written financial procedures and check-lists. Is it now not imperative that LB Barnet undertakes an immediate full review of all aspects of all contracts with Capita? And that in until such a review is completed, no new contractual arrangements are entered into with Capita?	<p>A review of our relationship with Capita is currently underway and a paper will be taken to Policy and Resources Committee on 11 December 2018.</p> <p>All procurements are undertaken in line with procurement legislation, ensuring open competition.</p> <p>Any new contract with Capita would as with any other supplier be subject to all the normal procurement regulation</p>

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7.	<p>Item 7 - Report of the Chief Executive</p>	Mr Roger Tichborne	<p>Given the limited scope of the Grant Thornton report and the huge number of major issues uncovered, it appears that there is a cast iron case for a more thorough review by external auditors of the entire scope of Capita operations in Barnet. Would the council agree that it would be desirable to uncover these issues before we have another major fraud or failure as a result of poor management of council business by Capita.</p>	<p>The Council’s approach to audit and assurance activity is set out in the assurance forward plan, which includes the audit of services run by Capita. The plan is available here –</p> <p>https://barnet.moderngov.co.uk/documents/s39181/Internal%20Audit%20Anti-Fraud%20Strategy%20and%20Annual%20Plan%202017-18.pdf</p> <p>The Council is not proposing a full external audit of all Capita services.</p> <p>The control improvements made to finance processes as reviewed by GT are specifically in place to improve the control environment and reduce the risk of fraud.</p>
8.	<p>Item 8 - Internal Audit Exception Recommendations Report and Q2 Progress Report 1st July to 30th September 2018</p> <p>Temporary and Interim Workforce</p>	Mr John Dix	<p>The report states that “CSG management confirmed that there has been no re-baselining of costs or savings since the beginning of this contract” contrary to the contract requirement and that “If cost savings and agency staff numbers are not accurately calculated or reported, the Council may not be able to understand whether or not the contract with the supplier offers value for money”. This appears to suggest that the savings claimed on this contract since 2014 and the gainshare paid are false. Given that the overstated savings could amount to millions of pounds and that over £3 million has been paid to Capita in gainshare why have you not asked Grant Thornton to investigate this further or referred it straight to the Corporate Anti Fraud Team?</p>	<p>The re-baselining part of the contract is relevant to the calculation of the Comensura gainshare, not the CSG gainshare.</p> <p>The Comensura gainshare has been reviewed and any issue is considered not material in context of the contract</p> <p>Please refer to answer 30 regarding Capita gainshare.</p>

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9.	Item 7 - Report of the Chief Executive para 1.3	Ms Barbara Jacobson	Which years are being referred to? In those years what has been the reduction in back-office costs and how has that been achieved? What has been the increase in the council tax base and the resulting amount of tax collected	In 2013, the Council entered into a Customer and Support Group contract with Capita for customer and back office services. The headline savings for 10 years through the contract are £125m; the savings for the back office are £70m, circa £7m per annum. The Council Taxbase has increased by 15,231 from 13/14 to 17/18 and the additional Council Tax collected was £18.3m in 17/18
10.	Item 7 - Report of the Chief Executive	Ms Theresa Musgrove	The Chief Executive of Capita recently visited the borough, to see the company's last outpost for himself. Since then the council has announced what is effectively a retraction of its intention to 'realign' the Capita contracts. What did the CEO of Capita offer that persuaded the Leader and senior officers to pull back from the brink? Please give full details of the meeting: the date, how long it lasted, with whom he met, and please provide the minutes of that meeting.	Members and senior officers met with Capita's Chief Executive on 15 November for around an hour. The meeting focused on settlement of historic commercial issues the detail of which is set out in the Urgency Committee report published today and on improving the services provided by Capita going forward.
11.	Item 9 - Corporate Anti-Fraud Team (CAFT) Q2 Progress Report 2018-19 Pg 235	Ms Jenny Brown	Corporate Anti-Fraud Team (CAFT) Progress Report: 1 July – 30 September 20184. 4. Noteworthy investigations summaries: (P. 235 of the Agenda Report) The CAFT investigation into the RE Fraud is reported to have taken 24 hrs. to collect sufficient evidence to arrest an employee of RE. a)What are the factors that existed whereby Managers in charge of the Financial control systems in respect of RE (Planning and Regeneration), failed to report concerns relating to structures and procedures that were clearly inadequate	This is covered in detail within the Grant Thornton Report – refer page 27 of the agenda pack.

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12.	Item 7 - Report of the Chief Executive	Mr Fred Leplat	Is the Committee aware that 8 other local authorities have terminated their contracts with Capita? Will the committee ascertain from these authorities the reasons for these terminations, how they were achieved, and the new arrangements for providing services?	Yes, the Council is part of various Local Authorities networks which support the sharing of good practice and learnings between officers including as they relate to Capita.
13	Item 7 - Report of the Chief Executive	Mr Roger Tichborne	Please can the Chair of the Committee publicly state whether he agrees that role of the Audit Committee should be independent of interference from the leadership of the council and confirm that he has received no pressure from the leadership of his party to go easy on Capita following these highly embarrassing reviews.	Yes
14	Item 8 - Internal Audit Exception Recommendations Report and Q2 Progress Report 1st July to 30th September 2018 Temporary and Interim Workforce	Mr John Dix	The report states that "Management confirmed that reports show that off-contract spend is minimal (1.1% of annual contract spend)" Given that Barnet paid Comensura £36,938,087 in the two years of this most recent contract and £88,165,880 since Capita took responsibility for this contract in September 2013, 1.1% is actually quite a lot of money. What reassurance can you provide me that CSG HR will actually use the quarterly reports to inform interventions to encourage services to reduce off-contract agency worker spend given their failure to manage this contract adequately to date?	The council is actively managing all temporary worker spend and all new engagements are subject to approval by the Recruitment Panel established during May 2018, including where the council has to go "off contract". The council's Strategic HR lead is working with CSG HR to bed the new supplier contract in and will chair the quarterly contract monitoring meetings for the foreseeable future.

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15.	Item 7 - Report of the Chief Executive para 1.48.2	Ms Barbara Jacobson	Is it the case that as a result of the monthly deletions of Payment Audit files, the council cannot in any way determine whether there have been any other frauds prior to June 2017?	This is not the case. However, the deletion of the monthly Payment Audit files does make it more difficult as new reports need to be designed and run in Integra in order to undertake the planned data analysis (rather than using pre-existing reports).
16.	Item 7 - Report of the Chief Executive para 1.48.2	Ms Theresa Musgrove	<p>At point 1.48 of the Internal Audit report you state that 'fieldwork' taken in regard to certain reviews has not identified any further fraud.</p> <p>Has there been a full review of previous CPO purchases, including in regard to West Hendon, and can you categorically confirm that no fraud by any individual/individuals took place?</p> <p>Have you reviewed all areas in which the individual convicted of fraud has had access within the years of his employment by the authority as well as by Capita?</p>	<p>All of the work done to date has not detected any further fraud.</p> <p>All previous CPO purchases have been reviewed. They have been double checked against the list of CHAPS and Faster Payments transactions after 01/04/17 where the individual convicted of fraud was involved in any capacity. These checks looked at:</p> <ul style="list-style-type: none"> • Validity – CAFT looked at whether properties purchased in transactions which were not previously flagged as fraudulent are now owned by the Council to verify that the transactions were legitimate. No issues were noted here – all properties were accounted for. • Completeness/accuracy of the schedules – Internal Audit looked at whether any fraudulent properties had been included in the CPO schedules or legitimate properties excluded from the schedules. No issues noted – all fraudulent sales were omitted, and all genuine ones were included.

				<ul style="list-style-type: none"> • Completeness of the identification of fraudulent transactions – Internal Audit looked at whether any other CHAPS payments were made to the fraudulent bank accounts after 01/04/2017 other than the ones identified as fraudulent by CAFT in the criminal investigation. No issues noted. Internal Audit also looked at whether any Faster Payments in our sample went to those accounts but weren't on the list. Again, no issues noted. <p>This work, together with the detailed criminal and financial investigation into the individual provides a level of assurance with regards to other fraud. It should also be noted that LBB's counter fraud team has had access to the Individual's bank accounts and these bank accounts have been subject to detailed scrutiny by experienced fraud investigators. This has enabled LBB to identify otherwise hidden, fraudulent payments for which the Individual has been prosecuted. In circumstances where LBB has had access to the Individual's personal bank accounts and has subjected these to detailed scrutiny, it would be disproportionate to review every CPO related purchase or all of the areas for which the Individual was responsible.</p>
17.	<p>Item 9 - Corporate Anti-Fraud Team (CAFT) Q2 Progress Report 2018-19</p> <p>Pg 235</p>	Ms Jenny Brown	The CAFT Progress Report states that a large sum of money was found at the home of the RE employee. Please explain where this money is now, how much was found and where it is intended to be placed or used?	During the search £27,000 was found in cash. This was seized in accordance with relevant procedure and is currently held in a specific metropolitan police interest account (used specifically for seized cash). These funds are subject to the proceeds of crime confiscation process which is still ongoing.

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18	Item 7 - Report of the Chief Executive para 1.13	Mr Fred Leplat	The Policy & Resources Committee of the 19 July agreed that a business case be prepared on three options regarding the future of the contracts with Capita. If the business cases for all three options will not now be presented, why not? If these will not be presented, where was that decision taken and under what authority? Will they be presented at a later date and if so when? How is it possible to pursue now one of the three options without the knowledge of the merits and disadvantages of the other two options?	Please refer to answer to question 3
19	Item 7 - Report of the Chief Executive	Mr Roger Tichborne	Prior to 2014, the Audit Committee was by convention chaired by a member an opposition party, to ensure that there was no political interference and that the public could have confidence in the committee. Given that since this policy was abolished, we have had a catastrophic failure of control within the council resulting in this report, would the chair of the committee agree that it is time for the chair to step down and let someone who can be seen to be more independent take charge of the Committee.	Membership requirements for the Audit Committee are detailed in Article 7 of the Constitution. There is currently no requirement in the Constitution for the Chairman of the Audit Committee to be an opposition Member. Full Council agree the Constitution and make appointments to committees.

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20	<p>Item 8 - Internal Audit Exception Recommendations Report and Q2 Progress Report 1st July to 30th September 2018</p> <p>Temporary and Interim Workforce</p>	Mr John Dix	The reports states that “There are no agreed policies or procedures in place over the hiring of agency or interim staff which in our view is the root cause of the issues identified”. Given this contract and its predecessor have been in place for 6 years and Capita have had responsibility for managing this contract for the last five years why has the problem not been resolved before now?	<p>The quote that has been taken from the report related to the section of the report covering ‘<i>assignment extension monitoring and assignment length</i>’.</p> <p>Under the constitution and schemes of delegation, it is the responsibility of chief officers to adhere to HR practices and manage spend within agreed budgets. Further to this, since May 2018, recruitment and agency appointments have been subject to approval by the Chief Executive and Director of Finance.</p>
21.	<p>Item 7 - Report of the Chief Executive para 1.14</p>	Ms Barbara Jacobson	What is the amount of the savings as of 31 October 2018 and how much has Capita been paid in fees and gainshare in respect of each contract with LLB since 1 January 2013?	<p>Up to financial year 2017/18 total savings on the CSG contract equate to £45.2m and gainshare payments to £6.9m. £255.4m has been paid up to Oct 2018 which includes large capital projects.</p> <p>Up to financial year 2017/18 savings on the Re contract equate to £18.8m. £127.3m has been paid up to Oct 2018 which includes large capital projects.</p>

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22.	Item 7 - Report of the Chief Executive para 1.48	Ms Theresa Musgrove	<p>Item 1.48: this is an extraordinary statement which would seem further to contradict the 'assurances' being offered to the committee –</p> <p><i>1. Analysis of vendor master data</i></p> <p><i>The vendor master data has been received and Internal Audit have been able to distil a list of potential high risk changes for follow up review. Tests have provided insight into amendments to vendor bank account details, multiple vendors sharing a common bank account and have identified where bank account details from vendors match those of Barnet employees. The Council has requested employee bank account details from Capita to complete its analysis.</i></p> <p>Does this mean that although you say you have not yet identified any further fraud within the limits of agreed review, there may be evidence of fraud, or the potential for fraud in areas where you have not completed or not begun a review?</p>	This means that there are some data matches that require further review to confirm whether there is an appropriate reason for the match.
23.	Item 7 - Report of the Chief Executive para 1.18	Ms Jenny Brown	<p>The 10 services under consideration for bringing into the Council are all highly dependent on I.T. Although this is one of the services which has been acknowledged to have had several failings, faults and breaks in service, by members across the political parties, the Report does not explain reasons for not bringing I.T back in-house. Please give an explanation of the factors that have favoured leaving I.T. with Capita despite clear breaches of contract in the delivery of this service.</p>	Please see response to question 3.

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24	Item 7 - Report of the Chief Executive para 1.14	Mr Fred Leplat	What specific benefits and improvements have been achieved for each of the services managed by Capita?	<p>The services have delivered transformation activity including new systems and infrastructure. More information can be found in the Year 3 contract review of the CSG contract</p> <p>https://barnet.moderngov.co.uk/ieListDocuments.aspx?Clid=693&MId=8796&Ver=4</p> <p>and the Year 4 review of the Re contract</p> <p>https://barnet.moderngov.co.uk/ieListDocuments.aspx?Clid=693&MId=9134&Ver=4</p>
25	Item 8 - Internal Audit Exception Recommendations Report and Q2 Progress Report 1st July to 30th September 2018 Temporary and Interim Workforce	Mr John Dix	To what extent did internal audit look at whether the previous contract was compliant and performing adequately before the new contract was awarded to the same supplier without an open tender?	The scope of this review only covered the period since October 2016. There was no Internal Audit review at the time of the 2 year extension award
26	Item 7 - Report of the Chief Executive para 1.27	Ms Barbara Jacobson	The 4th bullet point should be corrected to 'Changes to non-committee governance' and be moved to second place to be consistent with the text that follows.	Agreed.

27.	Item 7 - Report of the Chief Executive	Ms Theresa Musgrove	<p>For the Internal Audit Report, you have decided to ignore usual RAG standards of assessment, and create a blue status to add to the traffic light system, from RAG to BRAG. What sort of precedent is there for the use of this fantasy status, and did the external auditors agree to the use of camouflage for the process of reporting such a wide range of financial systems?</p> <p>6. 5.2.1 In respect of the response to the fraud, there is an additional cost associated with the work being undertaken by the CFO and by Grant Thornton, these are being met by Capita.</p> <p>What is the reason for this additional cost? Is it because there may have been other acts of fraud in areas as yet not investigated? Has Capita paid or are you awaiting payment? Has there been, or will there be, a review of the Corporate Anti Fraud Team?</p>	<p>The addition of the Blue status was added by the Head of Internal Audit in order to be as clear as possible on the progress that had or hadn't been made against the GT actions. The intention was to provide transparency as opposed to camouflage.</p> <p>The appendix to the Report of the Chief Executive is not a standard Internal Audit report and therefore it does not follow the usual format. The Financial Controls Board, set up to oversee the delivery of the GT action plan, agreed that the most efficient and cost-effective way of confirming the implementation of the GT actions was for GT to verify any new processes or documents that were created in response to the findings. Once these were verified by GT then Internal Audit could commence the work to confirm that the new processes were operating in practice. Therefore the 'Blue' status was incorporated in order to articulate the following situations:</p> <p>Internal Audit testing not yet complete for one of the following reasons:</p> <ol style="list-style-type: none"> 1. It has not yet been possible to test the operating effectiveness of this control, as the control design was only recently verified by GT (4 actions) 2. It has not been possible to test the operating effectiveness of this control, as it has not occurred in the testing period (1 action) 3. Internal Audit work is ongoing, verbal update to be given to Audit Committee (1 action) The external auditors (BDO) have not been involved in the work being undertaken to confirm the implementation of the GT actions. GT agreed that the BRAG rating system was appropriate <p>The costs are due to work being undertaken by Grant</p>
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				<p>Thornton in relation to their report on financial controls and additional client-side monitoring activities. It is not due to additional fraud investigation. Capita has made one payment and a further payment is included in the Urgency Committee report published today.</p> <p>There are no plans to review the Corporate Anti-Fraud Team.</p>
28	Item 7 - Report of the Chief Executive para 1.18	Ms Jenny Brown	Other services (within the 10), such as Health and Safety, Strategic Planning, Economic Development and Regeneration are highly dependent on Planning. Please explain why Planning is not considered for bringing back in-house?	Please see response to question 3.
29	Item 7 - Report of the Chief Executive	Mr Fred Leplat	<p>Why was the fraud not picked up by the internal auditors?</p> <p>Why was the fraud not picked up by the external auditors?</p> <p>Why was the fraud not picked up by this committee?</p> <p>Does this fraud not indicate serious failures in senior management, the external auditors and this committee? What action is going to be taken to remedy these failings?</p>	<p>It is a matter of regret that the fraud was not identified earlier.</p> <p>The Council ensured that the money was recovered and that there was no loss to the public purse.</p> <p>An independent review was commissioned and controls were immediately tightened.</p> <p>The criminal investigation resulted in a successful prosecution</p> <p>A paper will be coming to Policy and Resources the Dec 11th which will include recommendations in relation to the Finance service</p>

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30	<p data-bbox="309 204 571 451">Item 8 - Internal Audit Exception Recommendations Report and Q2 Progress Report 1st July to 30th September 2018</p> <p data-bbox="309 528 571 592">Temporary and Interim Workforce</p>	Mr John Dix	<p data-bbox="781 204 1379 667">The report states that “The CSG gainshare payment relating to this contract has not been approved by the Procurement Board since January 2017 and as such, any cost impact relating to this issue is limited to the first three months of the current contract”. However the way gainshare operates is that gainshare payments are made in advance and £970,000 was paid on 26 October 2016 for the savings in the entire year. Can you clarify whether any of this gainshare (which was credited against the Agreed Procurement Price Recovery mechanism) has been recovered?</p>	<p data-bbox="1402 204 2058 560">Payment of gainshare connected to the Comensura contract has been the subject of commercial discussion. A commercial settlement is being taken to Urgency Committee for agreement which includes settlement of past procurement gainshare, and an end to procurement gainshare and guarantee arrangements. In addition, the Council has not paid any procurement gainshare this year and if the paper to the Urgency Committee is approved, it will not pay any gainshare for this year</p>
31	<p data-bbox="309 707 571 770">Item 7 - Report of the Chief Executive</p> <p data-bbox="309 815 571 879">Grant Thornton Report– Appendix A</p>	Ms Barbara Jacobson	<p data-bbox="781 707 1379 954">Appendix A Why were these essential procedures and safeguards not included in the contracts with Capita or in the KPIs relevant to these functions? Did any of the councillors who voted to accept the Capita contracts have the ability and opportunity to determine whether the contracts were sufficiently robust in these regards?</p>	<p data-bbox="1402 707 2058 842">The contracts require Capita to ensure appropriate controls are in place. Sufficient controls were not in place and there is now a full action plan in place to address the identified issues.</p>

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32	Item 7 - Report of the Chief Executive	Ms Theresa Musgrove	<p>The Grant Thornton report is an admission of an almost unimaginable extent of failure in financial control with so many processes still 'under review'.</p> <p>In this context, how on earth can the council form the opinion, as expressed in the CE's report, that it should continue to allow the contracts with Capita to continue, and not seek with any urgency to remove itself from a partnership which has sustained this environment, exposed taxpayers' money to the risk of fraudulent transactions, and seen a decline in standards of provision of local services?</p>	<p>The Chief Executive report does not come to the conclusion that the contracts with Capita should continue, it states that the review of whether services should remain with Capita is continuing.</p>

Qn No	Agenda Item No	Raised By	Question Raised	Answer
33	Item 7 - Report of the Chief Executive para 1.18	Ms Jenny Brown	<p>Using Highways as an example, will there be an Audit conducted on the “health of the service” prior to transition bringing it “in house”?</p> <p>Since the Capita Contracts require payment for services <i>prior to the job being done</i> ie payment in advance, in the case of Highways many roads have major large scale works needed but the work has not been done. Thus it is reasonable to presume that at such time when Highways might be a sensible service to run in house, residents who have paid Capita and RE as per the Contracts would expect some refund as there are highly likely to be deep concerns if an audit of Barnet roads was carried out at any point in time in the near future.</p> <p>a)Please explain in what ways such an Audit might be carried out and if that could possibly lead to any adjustments and clawbacks or compensation from Capita so that we are not handed back an ailing service without fair transaction adjustment?</p> <p>b)To what extent might Barnet communicate with other Councils who brought services in-house and were previously in Capita Contracts? For example: Birmingham Southampton Blackburn and Darwin and Sheffield previously was contracted to Capita for IT.</p>	<p>The Council keep service performance under review through regular contract management meetings, including specifically for the Highways services. Any specific issues are escalated through to the Environment Committee. Contract management activities include audits where appropriate.</p> <p>The Council is part of various Local Authorities networks which support the sharing of good practice and learnings between officers including as they relate to Capita.</p>

Qn No	Agenda Item No	Raised By	Question Raised	Answer
34	Item 8 - Internal Audit Exception Recommendations Report and Q2 Progress Report 1st July to 30th September 2018	Mr John Dix	I was informed by a senior officer that no gainshare had been paid on this contract since January 2018 not 2017. Can you clarify whether the date given in the report is accurate?	January 2017 is the last time that the Procurement Board agreed any procurement gainshare on the Comensura agency contract. The last procurement gainshare payment was made in December 2017 – no procurement gainshare payments have been made in 2018.
35	Item 7 - Report of the Chief Executive Grant Thornton Report– Annex 2	Ms Barbara Jacobson	Annex 2 ‘ the information in the Report ... does not purport to be comprehensive or to have been independently verified. ... no representation, warranty or undertaking has been received by Grant Thornton in respect of the accuracy of information provided to us.’ While such disclaimers might be standard practice, what confidence can be placed in the report if the information on which it is based cannot be guaranteed to be accurate?	For engagements of this nature disclaimers are standard practice. Notwithstanding that disclaimer, the Council has a very high degree of confidence in the work carried out by GT
36.	Item 7 - Report of the Chief Executive	Ms Theresa Musgrove	Is there a clause within the contracts that requires the authority to act to maintain the reputation of Capita, and to promote the company's activities? To what extent is the decision not to provide business cases for any of the options agreed earlier this year influenced by any act by Capita to invoke this clause?	There are no such clauses in the contracts with Capita

Qn No	Agenda Item No	Raised By	Question Raised	Answer
37.	Item 7 - Report of the Chief Executive para 1.13	Ms Jenny Brown	<p>On July 18th 2018 The Council committee voted to provide a business case for operating each of the services currently delivered by Capita as in- house services.</p> <p>a) During the last four months what progress has been made towards this Report for presentation to the Council on December 11th?</p> <p>b) What model is being used for costings? Should costings only take into consideration procurement costs, resourcing and staffing.</p> <p>c) Will factors such as high turn over of staff and agency staff and pension administration, flexibility be factored into costings?</p> <p>d) Since there are possible Breaches of Contract, and since this contract is “back ended”, is it possible that our Council will negotiate the best possible financial transitional arrangement with Capita, RE and would this be reflected in costings, as a consideration?</p> <p>e) Is there a financial factor that takes account of cost saving and quality potential from having services that are inter-related and interconnected in terms of delivery under local management ie not the silo approach and not fragmented.</p> <p>f) Is there a factor or estimate amount of money that calculates the advantages to the local economy of prioritising jobs and enterprise in Barnet? Likewise might there be some financial value from monitoring, checking and management under local over-site?</p>	A report is due to go Policy and Resources Committee on 11 December 2018. This will outline progress made

Qn No	Agenda Item No	Raised By	Question Raised	Answer
38.	<p>Item 8 - Internal Audit Exception Recommendations Report and Q2 Progress Report 1st July to 30th September 2018</p> <p>Temporary and Interim Workforce</p>	Mr John Dix	The report states that “As such, it is likely that the CSG gain share calculations to date for this contract have not been accurate if the historic (sic) savings percentage has been used as the assumed savings amount”. What investigations have been undertaken to identify if the historical savings for the period 2013-2016 were ever accurately calculated and as such whether the £3 million claimed by Capita in gainshare on this contract has been falsely claimed?	Payment of gainshare connected to the Comensura contract has been the subject of commercial discussion. A commercial settlement is being taken to Urgency Committee for agreement which includes settlement of past procurement gainshare issues.
39.	<p>Item 7 - Report of the Chief Executive</p> <p>Grant Thornton Report– Annex 2 pg 9</p>	Ms Barbara Jacobson	Annex 2 (p. 9) The main report notes that Capita updated the treasury payment procedure but that Grant Thornton had to strengthen that updated procedure (p.16). Given that this was necessary, to what extent can the committee feel confident that Capita can demonstrate to the Council’ that ‘its accounting practices with respect to the Council’s assets and resources now meet the performance and commitments made in their DRS and CSG contracts’? How can the committee or the residents be confident that the new practices will be carried out to the required standard in the future when the same people are in charge?	<p>GT made a proposal to remove the wording “best endeavours” in relation to dual authorisation, requiring CHAPs payments to be signed off by both a Capita and LBB signatory in order to strengthen the procedure, but this does not mean that the procedure was inadequate.</p> <p>Procedures are always designed with a balance of operational effectiveness and risk in mind. The new procedure was agreed as being robust by GT and the GT proposal was agreed by LBB to further strengthen the procedure.</p> <p>The procedures have been drafted to a high standard and agreed by GT, Capita and the Council. GT have signed off not just this, but all of the new processes.</p> <p>Capita staff have been trained on these procedures and they were widely publicised in the Council. The procedures are being tested by Internal Audit for embeddedness and the results will be reported to the Audit Committee.</p>

Qn No	Agenda Item No	Raised By	Question Raised	Answer
40.	Item 7 - Report of the Chief Executive	Ms Theresa Musgrove	<p>Item 5.4: Legal and Constitutional References</p> <p><i>5.4.1 Article 7 of the Council's constitution sets out the Audit Committee's terms of reference. They include independent assurance of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and nonfinancial performance to the extent that it affects the authority's exposure to risk and weakens the control environment and to oversee the financial reporting process. In addition, the Committee should review any issues referred to it by the Chief Executive or Chief Finance Officer</i></p> <p>It used to be the case that the Audit committee was chaired by an opposition member. It is since the Conservative group removed that safeguard and appointed members of their own party to the post that there has been an abject failure in scrutiny, and the administration has been exposed to risk from poor accounting and reporting, and even fraud. Is it not the time to revert to the tradition of a more objective form of scrutiny for this vital process and appoint a new Chair from the opposition?</p>	<p>Membership requirements for the Audit Committee are detailed in Article 7 of the Constitution. There is currently no requirement in the Constitution for the Chairman of the Audit Committee to be an opposition Member. Full Council agree the Constitution and make appointments to committees</p>

Qn No	Agenda Item No	Raised By	Question Raised	Answer
41.	<p>Item 8 - Internal Audit Exception Recommendations Report and Q2 Progress Report 1st July to 30th September 2018</p> <p>Temporary and Interim Workforce</p>	Mr John Dix	<p>The report states that the contract should have been made available. This has now happened but 18 pages which deal with pricing and service level agreements are still redacted in full even though the contract with Comensura has now ceased. Without disclosure of those pages it is impossible to determine whether the saving were actually made and whether the gainshare is paid to Capita is appropriate. What reassurance can you provide to me that the savings since 2013 have actually been achieved and that the £3 million paid to Capita in gainshare has not been falsely claimed?</p>	<p>Payment of gainshare to Capita connected to the Comensura contract has been the subject of commercial discussion. A commercial settlement is being taken to Urgency Committee for agreement which includes settlement of past procurement gainshare issues.</p>
42	<p>Item 7 - Report of the Chief Executive</p> <p>Grant Thornton Report—pg 17</p>	Ms Barbara Jacobson	<p>Has the council agreed to extend Grant Thornton’s ‘period of engagement in order to help monitor the delivery of the agreed actions undertaken by Capita? For how long is that period of engagement extended? How much will any extension cost? What is the reasoning for maintaining the contract with a supposedly expert outsourced supplier (Capita) that needs to be monitored by another outsourced supplier?</p>	<p>The Council commissioned GT to provide independent oversight of how all parties implemented responses to the recommendations. The reason this was done was to provide expert and crucially independent review. The commission was not time limited but based on delivery and is now almost complete. The costs are based on time spent by GT and the work is still in progress.</p>
43	<p>Item 7 - Report of the Chief Executive</p>	Ms Theresa Musgrove	<p>A previous Chief Executive of Barnet Council left his post 'by mutual agreement' after errors occurred in the course of one election day. In the course of the unprecedented failure in financial controls and repeated acts of fraud to the total of £2 million, has any member of the senior management team offered their resignation, or offered to leave 'by mutual agreement', and if not, why not?</p>	<p>No. Senior officers have focused on ensuring that the response to the fraud has been effective. This has included ensuring that the money was recovered, concluding the criminal investigation and ensuring that the fraud and wider financial controls were independently investigated. All of these things have happened, and the focus is now on ensuring that controls are operating effectively</p>

Qn No	Agenda Item No	Raised By	Question Raised	Answer
44	<p>Item 8 - Internal Audit Exception Recommendations Report and Q2 Progress Report 1st July to 30th September 2018</p> <p>Temporary and Interim Workforce</p>	Mr John Dix	The report states that that two main factors had prevented the carrying out of two supplier audits were a delayed contract completion process and the transition to the updated agency staff system. Given that Policy & Resources authorised the procurement process to start in December 2015 more than nine months before the contract expired, that the contract was given to the existing supplier and that Capita were responsible for procurement (and received a gainshare) can you explain whether you think the reasons given for the failure to carry out the audits are credible?	Failure to carry out audits has been identified in the assurance audit and an appropriate action plan put in place.
45	<p>Item 7 - Report of the Chief Executive</p> <p>Grant Thornton Report– Annex 2 pg 14</p>	Ms Barbara Jacobson	<p>What are the <i>previous</i> breaches referred to here, and how were they raised and dealt with?</p> <p>Although the ‘evidence and observations’ relating to the current breaches have been redacted, it is clear what the nature of those breaches were. Why would the committee even consider continuing to employ a firm that has been so incompetent and irresponsible? If these breaches had been caused by direct employees of the council, what is the likelihood that the council would have paid another firm £500,000 to tell the employees about their mistakes and show them how to rectify them? Would any business operate in this way?</p>	<p>Previous breaches refers to any occasions on which Capita has not delivered services in line with its contractual commitments, such as failing KPIs. Performance of services within the CSG and RE contracts is reported to the Financial Performance and Contract Management Committee (CSG) and the relevant Theme Committee</p>

46	Item 8 - Internal Audit Exception Recommendations Report and Q2 Progress Report 1st July to 30th September 2018	Ms Theresa Musgrove	<p>Pensions Admin follow-up (Phase 1)</p> <p>Management letter issued, progress against high priority actions due was reported to Audit Committee in April</p> <p>What response was received to the management letter, and how many complaints from scheme members have been submitted to Capita since then?</p>	<p>The original October 2017 audit identified two high risk, six medium risk and one low risk findings which required a total of 31 agreed actions to be taken forward. The Pensions Admin follow-up (Phase 1) review considered the 24 agreed actions that were due to have been implemented by 31 March 2018. The content of the management letter was agreed with Capita at the time and revised target dates were set for any actions not yet found to have been fully implemented.</p> <p>We identified that all 24 agreed actions which had a due date of 31 March 2018 were either fully or partially implemented. Of the four high risk actions that were due, three were fully implemented and one was on track (as reported to the Audit Committee in April).</p> <p>14/24 (59%) of the agreed actions had been fully implemented (3 high risk, 9 medium risk, 2 low risk)</p> <p>6/24 (25%) of agreed actions were partially implemented (6 medium risk). The revised dates agreed for those actions found to be Partially Implemented were all 31st August 2018 or earlier. These are being followed up now as part of the Pensions Admin follow-up Phase 2.</p> <p>2/24 (8%) of agreed actions were superseded (2 medium risk)</p> <p>2/24 (8%) of agreed actions were on track (1 high risk, 1 medium risk)</p> <p>17 complaints have been received from scheme members in the period between 1 June and 31 October 2018, of which 12 have been completed and 5 remain in progress.</p>
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Qn No	Agenda Item No	Raised By	Question Raised	Answer
47	<p data-bbox="309 204 573 451">Item 8 - Internal Audit Exception Recommendations Report and Q2 Progress Report 1st July to 30th September 2018</p> <p data-bbox="309 528 573 592">Temporary and Interim Workforce</p>	Mr John Dix	If the savings have not been made as claimed, this will breach the contractual guarantees given for procurement savings. As such does this amount to a breach of contract and have you sought legal advice on this point?	<p data-bbox="1404 204 2058 304">Payment of gainshare to Capita connected to the Comensura contract has been the subject of commercial discussion.</p> <p data-bbox="1404 349 2058 450">A commercial settlement is being taken to Urgency Committee for agreement which includes settlement of past procurement gainshare issues.</p>

<p>48</p>	<p>Item 7 - Report of the Chief Executive</p> <p>Grant Thornton Report–pg 14</p>	<p>Ms Barbara Jacobson</p>	<p>‘Our review of the DRS and CSG Contracts has identified a number of breaches ...that the Council will need to consider. Our recommendation is that the Council takes appropriate contractual action.’ What are the appropriate contractual actions that the council can take, and do they include cancelling the contracts?</p>	<p>A summary of the contractual actions available to the Council is provided below.</p> <p>Service Credits or Deductions, may be levied for performance failure, calculated on a monthly quarterly or annual basis (depending on the applicable banded Key Performance Indicator).</p> <p>In the case of fraudulent, erroneous or misleading reporting, the Authority may require an increased level of monitoring until it is reasonably demonstrated that the Service Provider will (and can perform) its obligations.</p> <p>The Council may serve a Step-in Notice for failure to rectify a serious breach of the Agreement, and a Step-Out Notice if satisfied with the Service Provider's plan to ensure that the affected Services satisfy the requirements of the Agreement.</p> <p>If a breach continues then the Authority may serve a Persistent Breach Final Warning Notice.</p> <p>If the Service Provider fails to rectify the breach, the Council may serve a Remedy Notice requiring an acceptable rectification programme.</p> <p>If the Service Provider fails to put forward a reasonable rectification programme; or, rectify the Service Provider Default or breach; or, implement a rectification programme; or, having been rectified the default occurs again at any time within a three-month period, the Authority shall be entitled to take action in accordance with Authority Step–In; and/or serve a Final Warning Notice.</p> <p>If the Service Provider fails to comply with the Final Warning Notice, the Authority may then serve a Default Termination Notice to terminate the Agreement in whole or in part.</p>
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Qn No	Agenda Item No	Raised By	Question Raised	Answer
49	<p>Item 8 - Internal Audit Exception Recommendations Report and Q2 Progress Report 1st July to 30th September 2018</p> <p>Temporary and Interim Workforce</p>	Mr John Dix	In the report it says “The contract states that all orders should be approved by HR, however management confirmed that this is only the case for extensions and has not been built into the process for new assignments. In the absence of this approval, inappropriate temporary assignments may not be challenged”. Given that Capita have had responsibility for this function for 5 years why has it taken so long to identify this problem and what reassurance can you provide that it will actually be implemented?	Under the new neutral vendor contract arrangements all new orders are required to be signed off by HR however responsibility for authorisation rests with the hiring manager. In addition, requests for new temporary workers and extensions beyond 12 weeks are subject to approval by the recruitment panel.
50	<p>Item 7 - Report of the Chief Executive</p> <p>Grant Thornton Report–pg 14</p>	Ms Barbara Jacobson	Grant Thornton’s list of breaches in both the DRS and CSG contracts is long but ‘not exhaustive’. To what extent is the committee concerned that there are other breaches that the report has not identified? What is the council doing to identify and rectify other breaches?	Grant Thornton’s action plan agreed between Capita and the Council is aimed at remedying the identified concerns with the finance function. Through the Council’s contract management functions the ongoing performance of contracted services is monitored and reported via the relevant Committee.
51	<p>Item 8 - Internal Audit Exception Recommendations Report and Q2 Progress Report 1st July to 30th September 2018</p> <p>Temporary and Interim Workforce</p>	Mr John Dix	The report identifies that £39,000 has been paid in expenses to agency staff. Can you clarify the maximum expenses that were paid to a single agency worker and what is the cap that has now been set?	<p>The highest single expense payment was for £350.37. The single agency worker with the highest total expenses in the year received £1,369.13.</p> <p>No cap has been set for temporary worker expenses as it is not always possible to know the extent of expenses that are likely to be incurred. The majority of expenses relate to social worker mileage claims where staff are required to travel to/with clients for example children looked after in locations outside of the borough.</p>

Qn No	Agenda Item No	Raised By	Question Raised	Answer
52	Item 7 - Report of the Chief Executive Overview – pg 11	Ms Barbara Jacobson	Pillar 4 How many people were responsible for the ineffective reconciliation that allowed the fraud? Has it been determined whether they were complicit or only incompetent? What are their qualifications for their jobs? Are they still in their jobs? If so, why have they not been dismissed for incompetence?	A number of staff had responsibilities relating to the reconciliation over the period of the fraud. No other members of staff of Capita or the Council have been found to have been complicit in the fraud following the detailed CAFT investigation that took place after the fraud.
53	Item 8 - Internal Audit Exception Recommendations Report and Q2 Progress Report 1st July to 30th September 2018 Temporary and Interim Workforce	Mr John Dix	The report states that. "The "client charge" noted within the QBR in sections 2.2 and 2.3 is not the same as within section 2.4. This variance is significant in every quarter we have reviewed, however CSG management were not able to explain the variance, indicating that this had not been identified as a discrepancy and queried with the supplier in the course of contract monitoring". Does this represent a contractual breach and it is the reason the figures provided to the most recent Financial Performance & Contracts Committee could not be reconciled against the payments made to Comensura?	The inadequate explanation of variances was identified and an appropriate action plan has now been put in place to make sure that contract managers check these matters more robustly The Council is currently reviewing data reconciliation for agency spend, which will be reported to Financial Performance and Monitoring Committee.
54	Item 7 - Report of the Chief Executive Overview – pg 13	Ms Barbara Jacobson	How many of the fraudster's colleagues processed his instructions? Has it been determined whether they were complicit or only incompetent? Are they still in their jobs? If so, why have they not been dismissed for incompetence?	The scope of the criminal investigation included analysis covering the end to end process of each of the fraudulent payments as well as a wider investigation in relation to possible accomplices. There was no evidence to suggest that the level of involvement from any others involved in the payments was criminal in nature. It would not be appropriate to disclose further information relating to individuals or the number of individuals. Relevant information was shared with the respective employers.

Qn No	Agenda Item No	Raised By	Question Raised	Answer
55	<p>Item 8 - Internal Audit Exception Recommendations Report and Q2 Progress Report 1st July to 30th September 2018</p> <p>Temporary and Interim Workforce</p>	Mr John Dix	<p>The reports states that “This information about the total cost of the agency mark-up on assignments is not provided within any supplier reports in the format requested, however it is possible to assess this by comparing the bill total and pay total within the detailed breakdown of costs which is provided by the supplier to support the quarterly rebate calculation”. Can you clarify if the agency mark up is from the neutral vendor or the originating agency and how much is the mark up as a percentage of the agency worker’s pay?</p>	<p>The mark up is from the originating agency and from the neutral vendor. The percentage amounts vary depending on what is agreed per assignment. Mark up includes the necessary business on costs of the neutral vendor in making the selection of the right agency contract and the suppliers legitimate costs in finding, vetting and hiring skilled staff for us.</p>
56	<p>Item 7 - Report of the Chief Executive</p>	Ms Barbara Jacobson	<p>How many members of staff responsible for accounting and financial management have professional qualifications in the disciplines relevant to their jobs, and what proportion of the financial and accounting team are they?</p>	<p>Within CSG Finance, all senior team members and managers have a professional financial qualification, and that includes all senior members of the financial accounting team.</p> <p>Having a professional qualification relevant for the role is a key criteria used when recruiting and promoting people, together with relevant work experience and individual competencies.</p>

Qn No	Agenda Item No	Raised By	Question Raised	Answer
57	<p>Item 8 - Internal Audit Exception Recommendations Report and Q2 Progress Report 1st July to 30th September 2018</p> <p>Temporary and Interim Workforce</p>	Mr John Dix	Given that on this contract we have paid four different levels of commission: the originating agency; the neutral vendor; ESPO; and Capita's gainshare, how much in total are we paying as a mark up on actual pay of the agency worker?	The mark up paid on each agency worker under the Comensura contract differed depending on the category of worker. The different categories are set out in the Comensura contract Schedule 3. In terms of Capita's gainshare on agency procurement savings, a commercial settlement is being taken to Urgency Committee for agreement which includes settlement of past procurement gainshare.
58	<p>Item 7 - Report of the Chief Executive</p>	Ms Barbara Jacobson	In the 10 years before LBB handed over management to Capita were there any financial frauds? If yes, what were they, when did they occur and what was done about each of them?	<p>All frauds against the council will have some financial impact to a greater or lesser degree. The Corporate Anti-Fraud Team has been in existence since 2004. An annual report outlining all cases of frauds that have been investigated is submitted to the audit committee and published on the council's website each year since then.</p> <p>The link below is to the Audit Committee agenda and reports, which contains detail on all frauds</p> <p>http://barnet.moderngov.co.uk/ieListMeetings.aspx?CId=144&Year=0</p>
59	<p>Item 8 - Internal Audit Exception Recommendations Report and Q2 Progress Report 1st July to 30th September 2018</p> <p>Temporary and Interim Workforce</p>	Mr John Dix	Was the External Auditor given a copy of this report or made aware of this report before July 2018?	External audit were updated verbally on this audit report before July 2018. A copy of the report was provided to external audit when it was issued as final in October 2018.

Qn No	Agenda Item No	Raised By	Question Raised	Answer
60	Item 7 - Report of the Chief Executive	Ms Barbara Jacobson	Before LBB handed over management to Capita, what system(s) of authorization, control and monitoring of financial transactions existed?	The system of financial control and authorisation prior to handing the finance service over to Capita was set out in the output specification and financial regulations of the Council.
61	Item 8 - Internal Audit Exception Recommendations Report and Q2 Progress Report 1st July to 30th September 2018 Temporary and Interim Workforce	Mr John Dix	What is the External Auditor opinion on this report, can he understand why I feel he has failed in his duty to adequately address my objection to the accounts in July 2017 which specifically referred to this contract and does he think his provisional view to my objection to the accounts is still appropriate?	There are other avenues to bring matters to the attention of the auditor and set periods in the year during the accounts audit where members of the public can ask the auditor about items in the accounts.
62	Item 7 - Report of the Chief Executive	Ms Barbara Jacobson	Before LBB handed over management to Capita, did LBB have a Treasury Management Team? If not, who verified named suppliers?	Yes
63	Item 8 - Internal Audit Exception Recommendations Report and Q2 Progress Report 1st July to 30th September 2018 Temporary and Interim Workforce	Mr John Dix	The report states that "On 1 October 2016 the Council awarded a two year contract for the provision of all of its temporary and interim staff to the incumbent supplier". Who undertook this contract award process and what checks were made to assure the council that it was getting value for money?	The Comensura contract was called off the ESPO MStar2 Framework in line with the Council's Contract Procedure Rules. The decision was taken via an Officer Delegated Powers Report by the then Commercial and Customer Services Director.

Qn No	Agenda Item No	Raised By	Question Raised	Answer
64	Item 7 - Report of the Chief Executive	Ms Barbara Jacobson	Pillar 5 How many individuals were in the roles identified here as contributing to the weak control environment? Are they still in their jobs? If so, why have they not been dismissed for incompetence?	A number of staff had responsibilities relating to the control environment over the period of the fraud. No other members of staff of Capita or the Council have been found to have been complicit in the fraud following the detailed CAFT investigation that took place after the fraud.
65	Item 8 - Internal Audit Exception Recommendations Report and Q2 Progress Report 1st July to 30th September 2018 Temporary and Interim Workforce	Mr John Dix	Given that Comensura had been the Council's supplier for these services since 2012 what investigations were undertaken to ensure that the problems now identified in this report were not happening in the period 2012-2016?	Internal Audit have not reviewed the Comensura contract other than as part of the Internal Audits already referred to (Temporary and Interim Workforce (2018) and People Management (April 2014 and June 2015))
66	Item 7 - Report of the Chief Executive	Ms Barbara Jacobson	Why was the fraud not picked up by the internal auditors? Why was the fraud not picked up by the external auditors? Why was the fraud not picked up by this committee? As the fraud was not noticed by any of these people, why shouldn't they lose their jobs?	The Grant Thornton review was commissioned to address these and other matters

67	Item 7 - Report of the Chief Executive	Ms Barbara Jacobson	What are the responsibilities of this committee regarding the audits of the council's finances, and what are the relevant procedures?	<p>The Audit Committee's Terms of Reference are set out as follows:</p> <p>To provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.</p> <p><u>Anti-Fraud Activity</u> To monitor the effective development and operation of the Council's Corporate Anti-Fraud Team (CAFT).</p> <p><u>Regulatory Framework.</u> To review any issue referred to it by the Chief Executive and to oversee the production of the authority's Annual Governance Statement and to recommend its adoption.</p> <p><u>Accounts</u> To review and approve the annual statement of accounts and consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.</p> <p><u>Annual Report</u> The Audit Committee shall prepare a report to Full Council on annual basis on its activity and effectiveness.</p> <p><u>Treasury Management</u> To review the implementation of the Treasury</p>
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				<p>Management Strategy.</p> <p>The Committee receive regular updates such as on anti-fraud activity and statutory and regulatory reports, such as the Council's Accounts and the External Auditor's Value for Money Opinion.</p>
68	<p>Item 8 - Internal Audit Exception Recommendations Report and Q2 Progress Report 1st July to 30th September 2018</p>	<p>Ms Barbara Jacobson</p>	<p>Although the report is written in the passive voice, people were responsible for all the failings listed in the high- and medium-risk findings, and they must be easily identifiable. Are they still in their jobs? If so, why have they not been dismissed for incompetence or demoted?</p>	<p>The report was written by the Head of Internal Audit. It is a summary of the findings of the audits carried out by Internal Audit during the quarter. Where weaknesses in control are identified by Internal Audit it is then down to the management of the area in question to take appropriate action. If an employee's performance or capability is under question it would be for management to handle this appropriately.</p>