

## **Decisions of the Audit Committee**

19 October 2020

Members Present:-

Councillor Rohit Grover (Chairman)  
Councillor Alex Prager (Vice-Chairman)

Councillor Laithe Jajeh  
Councillor Kathy Levine  
Councillor Arjun Mitra

Councillor Thomas Smith  
Councillor Alison Moore

Also in attendance

Geraldine Chadwick – Independent Member  
Richard Harbord – Independent Member

### **1. MINUTES OF LAST MEETING**

**RESOLVED** that the minutes of the meeting dated 14 July 2020 be agreed as a correct record.

### **2. ABSENCE OF MEMBERS (IF ANY)**

None.

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

Councillor Laithe Jajeh declared a non-pecuniary interest, in relation to agenda item 9, by the virtue of the fact that he is a Council appointed Non-Executive Director of Barnet Homes.

### **4. REPORT OF THE MONITORING OFFICER (IF ANY)**

None.

### **5. PUBLIC QUESTION AND COMMENTS (IF ANY)**

Details of the question asked and the published answer were provided with the agenda papers for the meeting. A verbal response were given to Mr Dix's supplementary question at the meeting.

### **6. MEMBERS' ITEMS (IF ANY)**

None.

## **7. INTERNAL AUDIT EXCEPTION RECOMMENDATIONS REPORT AND PHASE 1 PROGRESS REPORT 1ST APRIL TO 30TH SEPTEMBER 2020**

The Head of Internal Audit introduced the report which detailed the progress against the internal audit recommendations, work completed to date on the Internal Audit and Corporate Anti-Fraud Team (CAFT) Plan 2019-20 and the high and medium priority internal audit recommendations.

The report covered the 6-month period from 1st April to 30th September 2020 - Phase 1 of this year's plan. The Head of Internal Audit explained the reason for the 6 months was due to a separate quarterly report not being taken to the July meeting.

At the end of Phase 1, 20 reviews were delivered and this represented 41% of the audit plan. She explained that although this was lower than the usual target for this time of year (53% at end of Q2) it should be viewed in the context of COVID-19.

The Committee were provided with a summary of the one Limited Assurance report – Housing Benefits, set out on page 19 that was issued during the period. This received Limited Assurance with 7 medium and 2 low priority actions being raised. Implementation of the actions will formally be reported back to the next meeting.

With regards to the audit actions followed up over the period, set out in page 25, all high priority actions due were followed up and a sample of medium priority actions. Of the 17 high priority actions 10 (59%) were implemented or superseded. Of the 65 medium priority actions, 57 (88%) were implemented or superseded. In total across all those actions 81% were implemented or superseded.

With regards to the concerns raised around 'slippage' the Chief Executive assured the committee that where issues are identified, they are brought to his attention and that of his management team.

With regards to GT4 – Managing access and authorisation rights on IT systems, Councillor Moore sought assurances that as this was now being taken forward as part of the Managing Systems Access Rights audit, those particular sets of recommendations relating to GT4 would continue to be tracked as part of that larger review. The Head of Internal Audit confirmed that they will be referring back to exactly what that recommendation covered when the access control audit is scoped out.

With regards to the Housing Benefit audit, The Head of Finance: Exchequer clarified the following for the committee;

### No date stamp on applications received.

Although there were records of when documents were received, they would come in via different routes e.g. different receipt books and it was accepted that going forward only one process should be in place, as highlighted by the audit.

### Overpayments of 324,589

Overpayments occur when a customer has failed to notify CSG of a change in their circumstances. When CSG do later become aware of this change, an overpayment gets created as a result. In the instance where it is a CSG error and an overpayment is generated, it is below the government threshold and therefore the Department of Works and Pension (DWP) fully pay the subsidy due on those payments.

### Write off of overpayments

It was accepted that this was area of weakness. Some overpayments had now been processed and some reported to the Policy and Resources Committee. The Head of Finance: Exchequer said this was a working progress and the team would be looking to do work on that every quarter.

With regards to benefit fraud investigation and training the Director of Assurance clarified that up until 2015, investigating benefit fraud had been the responsibility council's Corporate Anti-Fraud Team (CAFT). That responsibility was subsequently transferred to the Department of Works and Pension (DWP) in 2015, meaning that where suspicion of fraud was identified, it would be referred to the DWP. She explained that there is a Memorandum of understanding with the DWP which sets out the criteria for benefit assessors and one of those criteria is that as the investigative body training, is provided by the DWP.

The CSG Revenue and Benefits Contract Manager confirmed that in-house fraud training was carried earlier in the year but would be happy to work with the CAFT and take further guidance from the team.

With regards to the Investing IT review the Head of Internal Audit clarified this was not about IT projects. But that rather that as part of that review they looked at the council's project management arrangements for non- IT projects which are governed through a different mechanism. Therefore, this was a final action from that audit to get assurance around the corporate management of non IT projects.

**RESOLVED – That the Committee note the work completed to date on Internal Audit Phase 1 progress report - 1<sup>st</sup> April to 30th September 2020.**

## **8. CORPORATE ANTI-FRAUD TEAM (CAFT) COMBINED Q1&Q2 PROGRESS REPORT 2020-21**

The Director of Assurance presented the report which combined Q1 and Q2 and provided an update of the work undertaken by the Corporate Anti-Fraud Team (CAFT) during the period 1st April to 30th September 2020.

She explained that due to COVID-19 and lockdown restrictions, CAFT experienced substantial changes in how they operated. The team's work was impacted by various factors such as, courts being closed, restrictions to travel, blue badge enforcement couldn't take place and the suspension of face to face interviews and visits.

As a consequence of the above CAFT were presented with new opportunities to add extra value to other departments within the council and to offer greater assurance to the services they provide. The team were instrumental in the design and delivery of the Covid-19 business relief grants administered by the council.

Also during this time CAFT were proactive in carrying out a review of the parking appeals service and looking to investigate cases of false appeals.

Due to the level of investigative training and skill set the CAFT officers, they were also able to assist with the COVID-19 enforcement compliance. As the lockdown restrictions eased the team were able to resume interviews in a COVID secure environment following modifications made to the interview rooms.

With regards to the Business Rate relief schemes, CAFT supported the Finance team and carried out a total of 4299 prepayment fraud checks on applications valued at £65,640,000. This was a new process that was developed and one of the council was one of first to work with Credit Industry Fraud Awareness System (CIFAS). 5 cases were identified and as a result CAFT prevented £55,000 worth of Business Grants leaving the authority due to fraud being suspected. These issues remain under investigation. Further to this CAFT recovered £10,000 of fraudulently claimed monies back into the council accounts

With regards to Op Falcata on page 71, the Proceeds of Crime confiscation process had now concluded with the defendant being ordered to repay the £11,561.31(of the £70,596.62) that they still had. These funds would be reimbursed to the Pension Fund meaning there is no loss to LBB Pension Fund.

**RESOLVED – That the Committee not the CAFT Progress Report covering the period 1<sup>st</sup> April – 30<sup>th</sup> September 2020**

## **9. ANNUAL GOVERNANCE STATEMENT**

The Chief Executive presented the report which is a statutory reported public statement that is included within the Statement of Accounts for 2019/20. The Annual Governance Statement (AGS) outlines the governance framework, any significant governance issues and steps taken to mitigate those issues.

The committee noted the addendum to the report, which set out some amendments to the AGS attached at Appendix A of the main report.

The amendments provided an update position on the following:

- Fire Safety
- the Loan Agreement with Saracens Cophall LLP

The addendum also provided a brief update on the response to Covid19

The Chief Executive provided a brief summary on the areas with significant governance issues identified in Appendix A. The report also set out the Reasonable Assurance given in terms of the Head of Internal Audit's Opinion

**RESOLVED –**

- 1. That the Committee approve the Annual Governance Statement for inclusion within the Statement of Accounts for 2019/20as set out in Appendix A of this report.**
- 2. That the Committee note the amendments to the Annual Governance Statement and the update on Covid19.**

## **10. EXTERNAL AUDITOR'S AUDIT COMPLETION REPORT FOR THE YEAR 2019/20**

The Committee considered the report which set out the findings of the external audit of the council's Statement of Accounts undertaken by BDO LLP. These findings are reported in the draft Audit Completion Report at Appendix A.

The audit also identified the need for some amendments (Appendix B) to the Core Statements and some Disclosure Notes. These would be reflected in the final published accounts.

The Director of Finance provided a brief overview of the recommendations arising from the independent review on the effectiveness of local authority financial reporting and audit regimes in England that was undertaken by Sir Tony Redmond.

Leigh Lloyd-Thomas from BDO took the committee through appendix A and provided a summary on each of the key findings identified in the audit.

**RESOLVED -**

- 1. That the Committee approve the Statement of Accounts for 2019/20 and recommend that they be signed by the Chairman and the Director of Finance (Statutory 151 Officer) on behalf of the Council.**
- 2. That the matters raised by the external auditor relating to detailed aspects of the 2019/20 accounts audit be noted.**
- 3. That the Committee note the main recommendations from the Redmond review.**

**11. COMMITTEE FORWARD WORK PROGRAMME**

**The Committee noted the Forward Work Programme.**

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

None.

The meeting finished at 8.30 pm