

Decisions of the Audit Committee

28 April 2021

Members Present:-

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

Councillor Thomas Smith
Councillor Laithe Jajeh
Councillor Kathy Levine

Councillor Alison Moore
Councillor Arjun Mittra
Harbord

Also in attendance
Richard Harbord – Independent Member

1. MINUTES OF LAST MEETING

RESOLVED that the minutes of the meeting dated 28 January 2021 be agreed as a correct record.

2. ABSENCE OF MEMBERS (IF ANY)

Apologies for absence were received from Geraldine Chadwick.

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

Councillor Alison Moore declared an interest in agenda item 7, by virtue of being Governor of a school that has had to use the deficit budget facility.

4. REPORT OF THE MONITORING OFFICER (IF ANY)

None.

5. PUBLIC QUESTION AND COMMENTS (IF ANY)

Details of the question submitted and the response provided were circulated and published. A supplementary question was asked to which a verbal response was given at the meeting.

6. MEMBERS' ITEMS (IF ANY)

None.

7. INTERNAL AUDIT EXCEPTION RECOMMENDATIONS REPORT AND Q4 (PHASE 2) PROGRESS REPORT 1ST JANUARY TO 31ST MARCH 2021

The Director of Assurance 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 2020-21 and the high and medium priority internal audit recommendations. The report covered the period 1st January – 31st March 2021.

In Q4, Internal Audit (IA) delivered 10 reviews and in total delivered 82% of the audit plan by year end. This was lower than the usual target of 95% at the end of Q4, but the Director explained that this should be viewed in the context of COVID-19.

The report included summary updates on the following items:

- Managing Access and Authorisation Rights on IT systems
- Data Matching exercise – LBB payments to Capita staff bank accounts
- Land Charges - Review of Planning Data Controls and Policies
- Schools Audits
- COVID19 Grant Allocations

With regards to the Limited Assurance reports on page 21, the Director explained the following;

- The audit was conducted based on LBB's global procurement activities, the assurance level attained is an assurance level based on the total end to end procurement process which included Council Directorate and stakeholders and CSG Procurement. The Director further explained that CSG Procurement as part of the procurement process influence other departments into fulfilling their procurement process obligations but that they are not accountable for the activities of those departments. (e.g. Client Directorates/Service Areas).

With regards to the Internal Audit raised 1 high and 8 medium priority findings:

High finding

1. Contracts Register The Council's Contracts Register provided to IA during fieldwork did not hold an accurate record of all contracts £10k and above as required by Council policy. This was a repeat finding also made in a previous procurement audit. IA have followed this up and implementation has been confirmed.

The 8 medium priority findings related to:

2. Vendor creation CSG Procurement approval in Integra
3. Roles and responsibilities – take-up of procurement training
4. CPR compliance – contract acceptance decision making
5. CPR compliance – advertising procurements
6. Regional Enterprise (Re) award of contracts for the Council's account
7. CPR compliance – Procurement Declaration of Interest (PDI) forms
8. CPR compliance - contract award – financial assessment
9. Contract formalities – performance bond and information management, social value, safeguarding, insurance and Business continuity contractor responsibilities

Work was already undertaken to follow-up the High priority action over the Contract Register (due by 1st May) and IA were satisfied that this had been implemented.

With regards to the Public-Sector Equality Duty compliance on page 35, the Director of Resources advised that HR& OD had implemented a number of changes across the organisation over the last 12 months. The Director agreed to bring a HR & OD update back to Committee on what they were doing from a workforce perspective.

With regards to the Highways Programme on page 34 the Director of Assurance provided an update that IA had received all of the requested evidence but that the evidence was still awaiting verification and would be confirmed in due course.

RESOLVED - That the Committee note the work completed to date on Internal Audit Q4 progress report - 1st January to 31st March 2021.

8. INTERNAL AUDIT & ANTI-FRAUD STRATEGY AND ANNUAL PLAN 2021-22

The Director of Assurance introduced the Internal Audit & Anti-Fraud Strategy and Annual Plan which was formulated in consultation with the Council Management Team and with reference to the Council's risk registers.

In line with the approach endorsed by the Institute of Internal Audit (IIA), a full year Internal Audit plan for 2021/22 had not been drafted. This was to enable flexibility to respond to requests from the Council due to the continued uncertainty and changes to Council service delivery that were emerging as a response to the pandemic.

An indicative internal audit plan for the first six months of the year was drafted and incorporated:

- Completion of ongoing work on the 2020/21 audit plan
- Priority audits for Q1 and Q2

Also included was the indicative plan for CAFT for the year.

The Audit manager drew the Committees attention to Page 56 – 57 – completion of 2020/21 audit plan. Set out were the number of audits approaching completion within Finance. Completion of these was being prioritised in order to inform the Annual Governance Statement (AGS), which last year had a theme of Financial Control and Fraud risk.

The Audit Manager explained that audits from the 2020/21 plan that were completed in April and May would be used to inform the 2020/21 Annual Internal Audit Opinion and be presented to the July Audit Committee.

The priority audits for 2021/22 set out on page 58-59 had been agreed with Directors to be the priority areas and work would to be undertaken in Q1 and Q2.

With regards to follow-up work, all high priority actions would be followed up and there would also be a follow up of sample medium priority actions, with the primary focus being on those actions relating to financial control.

The Head of Counter Fraud Operations & Enforcement provided an overview of the Anti-Fraud Strategy and approach. He drew the Committees attention to the 2 elements,

Govern and Acknowledge. These two elements emphasise the focus organisation has on fraud and its approach to fraud within the public sector. This also ensures that policies are up to date and reviewed regularly and enable the council to demonstrate that it has a robust approach to fraud.

RESOLVED - That the Committee approves the Internal Audit & Anti-Fraud Strategy and Annual Plan for 2021-22.

9. CORPORATE ANTI-FRAUD TEAM (CAFT) ANNUAL REPORT 2020-2021

The Director of Assurance introduced the report which provided a summary of the outcome of all CAFT work undertaken during 2020-21 including CAFT progress and outcomes set against the objectives as set out in our annual strategy and work.

During the year 2020/21 Barnet was responsible for assessing and distributing a new grant scheme, set up to support businesses affected by Covid-19 trading rules. Since the start of the grant scheme CAFT assisted Finance in this scheme and as such carried out a total of 10,514 prepayment fraud checks on applications valued at £87,373,609.

She further provided a brief summary of the work undertaken by the Corporate Fraud Team, Concessionary Travel Fraud Team and Tenancy Fraud Team

RESOLVED - That the Committee note the CAFT Annual Report covering the period 1st April 2020 - 31st March 2021.

10. ANNUAL AUDIT LETTER 2019/20

The Director of Resources provided a brief introduction of the report which summarised the key issues identified by the Council's external auditor, BDO LLP, during their audit and inspection activity.

The Committee were introduced to Lisa Blake from BDO who was the council's new engagement lead.

Leigh Lloyd-Thomas from BDO, provided a detailed summary of the key issues arising from the work that we have carried out in respect of the year ended 31 March 2020.

With this being his last meeting, the Committee thanked Leigh for all the work he has undertaken.

RESOLVED

- 1. That the external auditor's Annual Audit Letter for 2019/20 be received; and**
- 2. That the Committee consider whether there are any areas on which they require additional information.**

11. EXTERNAL AUDIT PLAN 2020/21

Michael Asare Bediako from BDO, External Auditor introduced the report which summarised the planned audit strategy for the year ending 31 March 2021 in respect of BDO's audit of the financial statements of the Council and consolidated entities (together

the 'Group') and use of resources; comprising materiality, key audit risks and the planned approach to these, together with timetable and the BDO team.

RESOLVED –

- 1. The Audit Committee note BDO's audit plan for 2020/21; and**
- 2. The Audit Committee provide any comments on the Audit Plan that they may have.**

12. COMMITTEE FORWARD WORK PROGRAMME

RESOLVED - The Committee noted the Forward Work Programme.

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

None.

The meeting finished at 8.30 pm