

**MEETING**

**AUDIT COMMITTEE**

**DATE AND TIME**

**WEDNESDAY 14TH JULY, 2021**

**AT 7.00 PM**

**VENUE**

**HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4BQ**

**TO: MEMBERS OF AUDIT COMMITTEE (Quorum 3)**

Chairman: Councillor Rohit Grover  
Vice Chairman: Councillor Alex Prager BA (Hons) ACA

Councillor Laithe Jajeh                      Councillor Kath Levine                      Councillor Arjun Mittra  
Councillor Alison Moore                      Councillor Thomas Smith

**Independent Members**

Geraldine Chadwick  
Richard Harbord

**Substitute Members**

Councillor Peter Zinkin                      Councillor Lachhya Gurung                      Councillor Lisa Rutter  
Councillor Alan Schneiderman                      Councillor Reema Patel                      Councillor Anne Hutton

In line with the Constitution's Public Participation and Engagement Rules, requests to submit public questions or comments must be submitted by 10AM on the third working day before the date of the committee meeting. Therefore, the deadline for this meeting is Friday 9 July 10AM. Requests must be submitted to Maria Lugangira [maria.lugangira@barnet.gov.uk](mailto:maria.lugangira@barnet.gov.uk)

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

**Andrew Charlwood – Head of Governance**

Governance Services contact: Maria Lugangira 020 8359 2761

Media Relations Contact: Tristan Garrick 020 8359 2454

**ASSURANCE GROUP**

## ORDER OF BUSINESS

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4.	Report of the Monitoring Officer (If any)	
5.	Public Question and Comments (If any)	
6.	Members' Items (If any)	
7.	Internal Audit Exception Recommendations Report and Q1 Progress Report 1st April to 30th June 2021	11 - 80
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10.	Corporate Anti-Fraud Team (CAFT)Q1 Progress Report 2021-22	169 - 182
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12.	Whistleblowing Policy	To Follow
13.	Committee Forward Work Programme	197 - 200

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## **Decisions of the Audit Committee**

28 April 2021

AGENDA ITEM 1

Members Present:-

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

Councillor Thomas Smith	Councillor Alison Moore
Councillor Laithe Jajeh	Councillor Arjun Mittra
Councillor Kathy Levine	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 1<sup>st</sup> 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 - 1<sup>st</sup> January to 31<sup>st</sup> 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

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## Audit Committee

14 July 2021

<b>Title</b>	<b>Internal Audit Exception Recommendations Report and Q1 Progress Report 1<sup>st</sup> April to 30th June 2021</b>
<b>Report of</b>	Head of Internal Audit
<b>Wards</b>	Not applicable
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	No
<b>Enclosures</b>	<b>Appendix 1</b> - Internal Audit Quarter 1 Progress Report (1 <sup>st</sup> April to 30 June 2021) <b>Appendix 2</b> – Internal Audit Charter, July 2021
<b>Officer Contact Details</b>	Caroline Glitre, Head of Internal Audit <a href="mailto:caroline.glitre@barnet.gov.uk">caroline.glitre@barnet.gov.uk</a> 020 8359 3721

### Summary

Members are asked to note the progress against internal audit recommendations and work completed to date on the Internal Audit & Corporate Anti-Fraud Team (CAFT) Plan 2021/22 and high and medium priority internal audit recommendations.

Work has been undertaken to progress and complete Internal Audits that were underway at the start of Q1, a number of which had been delayed from the previous quarter (2020-21, Qtr 4) due to on-going disruption from the COVID19 pandemic on service delivery across the council.

During Q1, the service completed 12 reviews. There was one report issued with a 'No' Assurance rating and one report issued with a 'Limited' Assurance rating in this period:

No Assurance	Limited Assurance
<ul style="list-style-type: none"> <li>Danegrove school</li> </ul>	<ul style="list-style-type: none"> <li>Finance Global Design Principles – Accounts Receivable</li> </ul>

Full copies of 'No' and 'Limited' Assurance audit reports are available on the Barnet website here:

<http://barnet.moderngov.co.uk/ecCatDisplay.aspx?sch=doc&cat=13619&path=0>

### **High and Medium Priority follow-ups**

During Q1, we followed up on high and medium priority actions with an implementation date of 30th June 2021 or sooner.

A total of 35 high priority and 27 medium priority actions were followed up in this period.

We have currently confirmed 61% actions as implemented. This is below the target of 90% of actions being implemented within agreed timeframes. A number of actions relating to the Land Charges - Review of Planning Data Controls and Policies audit are not yet fully implemented, which is reflected in the % being lower than the target. This is covered in more detail in the report.

In general, progress has been made where possible and the outturn should be viewed in the context of services prioritising their response and recovery activity and the ongoing need to focus on the COVID response.

High priority actions: Follow-up Summary	Total	Implemented	Superseded by Follow- Up	In progress	Not Implemented
Total Number of Actions Tested	35	16	0	17	2
Medium priority actions: Follow-up Summary	Total	Implemented	Superseded by Follow- Up	In progress	Not Implemented
Total Number of Actions Tested	27	21	1	5	0
<b>Total actions followed up in Q1 (High and Medium)</b>	<b>62</b>	<b>37</b>	<b>1</b>	<b>22</b>	<b>2</b>
%		<b>61%</b>		<b>36%</b>	<b>3%</b>



## **Other Matters**

The report also includes an update on the following matters:

- Land Charges - Review of Planning Data Controls and Policies
- Public Sector Equality Duty
- COVID19 Grant Allocations

## **Internal Audit Charter**

An update to the Internal Audit Charter is also presented as Appendix 2. The Charter was first approved in July 2013, revised in April 2015, July 2016, April 2017 and July 2018. This is the fifth revision.

The Internal Audit Charter sets out the Internal Audit service vision and clarifies the role and responsibilities of the London Borough of Barnet Internal Audit Service and the audited services. It underpins the Audit Strategy & Annual Plan approved by the members of the Audit Committee.

In line with the requirements of the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit will periodically review this Charter and present it to senior management (defined as the Council Management Team) and the board (defined as the Audit Committee) for approval. No significant changes have been made compared to the previous version of the Charter, dated July 2018.

## **Recommendations**

- 1. That the Committee note the work completed to date on Internal Audit Q1 progress report - 1<sup>st</sup> April to 30<sup>th</sup> June 2021.**
- 2. That the Committee approves the updated Internal Audit Charter.**

## **1. WHY THIS REPORT IS NEEDED**

- 1.1 The Audit Committee's role in receiving this report is to note the overall progress made against the 2021-22 Internal Audit Plan and the high and medium priority recommendations made. In addition, the Audit Committee can inquire of Directors and Assistants Directors as to their progress against recommendations.

## **2. REASONS FOR RECOMMENDATIONS**

- 2.1 The Audit Committee were presented the Internal Audit Plan 2021-22 at the April 2021 Committee meeting for approval. This report notes the progress against that plan and progress against high priority recommendations.

2.2 The change in approach, whereby a sample of medium priority audit actions will be followed up and the outcome reported to Audit Committee, has led to a change to the Internal Audit Charter.

### **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

3.1 Not relevant.

### **4. POST DECISION IMPLEMENTATION**

4.1 The Internal Audit Plan 2021-22 will continue to be delivered as reported to the Audit Committee with recommendations implemented in line with the report.

### **5. IMPLICATIONS OF DECISION**

#### **5.1 Corporate Priorities and Performance**

5.1.1 All internal audit and risk management planned activity is aligned with the Council's objectives set out in the Corporate Plan 2020-2024, and thus supports the delivery of those objectives by giving an auditor judgement on the effectiveness of the management of the risks associated with delivery of the service.

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

5.2.1 When internal audit findings are analysed alongside finance and performance information it can provide management with the ability to assess value for money.

5.2.2 The Internal Audit Plan 2021-22 agreed by the Audit Committee is being achieved from Internal Audit's current budget.

#### **5.3 Social Value**

5.3.1 None in the context of this decision

#### **5.4 Legal and Constitutional References**

5.4.1 There are no legal issues in the context of this report.

5.4.2 Article 7 of the Council's Constitution, the Audit Committee terms of reference paragraph 2 states that the Committee can consider summaries of specific internal audit reports as requested.

#### **5.5 Risk Management**

5.5.1 All Internal Audit activity is directed toward giving assurance about risk management within the areas examined. By so doing the aim is to help maximise the achievement of the Council's objectives. Internal Audit does this by identifying areas for improvement and agreeing actions to address the weaknesses.

5.5.2 Internal Audit work contributes to increasing awareness and understanding of risk and controls amongst managers and thus leads to improving management processes for securing more effective risk management.

## 5.6 Equalities and Diversity

5.6.1 Effective systems of audit, internal control and corporate governance provide assurance on the effective allocation of resources and quality of service provision for the benefit of the entire community. Individual audits assess, as appropriate, the differential aspects on different groups of individuals to ensure compliance with the Council's duties under the 2010 Equality Act.

## 5.7 Corporate Parenting

5.7.1 None in the context of this decision

## 5.8 Consultation and Engagement

5.8.1 Not applicable

## 5.9 Insight

5.9.1 None in the context of this decision

## 6. BACKGROUND PAPERS

6.1 Audit Committee 11 March 2010 (Decision Item 11) - the Committee accepted that there would be progress reports to all future meetings of the Committee and, that for all "limited" or "no assurance" audits, there should be a brief explanation of the issues identified.

<http://barnet.moderngov.co.uk/Data/Audit%20Committee/201003111900/Agenda/Document%208.pdf>

6.2 Audit Committee 21 September 2010 (Decision Item 7) – the Committee agreed that where an audit had limited assurance that greater detail be provided than previously.

<http://barnet.moderngov.co.uk/Data/Audit%20Committee/201009211900/Agenda/Document%203.pdf>

6.3 Audit Committee 17 February 2011 (Decision Item 7) – the Committee (i) agreed that a report would be prepared quarterly regarding those internal audit recommendations not implemented (ii) requested that the table of priority 1 recommendations should in future indicate what date recommendations were made to service areas and the implementation date.

<http://barnet.moderngov.co.uk/Data/Audit%20Committee/201102171900/Agenda/Document%204.pdf>

6.5 Audit Committee 28 April 2021 (Decision Item 8) – the Audit committee approved the Internal Audit and Anti-Fraud Strategy and Annual Plan 2021-22.

<https://barnet.moderngov.co.uk/documents/s64733/Internal%20Audit%20Anti-Fraud%20Strategy%20and%20Annual%20Plan%202021-22.pdf>

# Internal Audit – London Borough of Barnet

Appendix 1



## ***Internal Audit Q1 Progress Report*** ***1 April – 30 June 2021***



*Cross Council Assurance Service*

## 1.0 Summary

### 1.1 Purpose of this report

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

### 1.2 Progress against the 2021/22 internal audit plan

1.2.1 The Audit Committee agreed a plan for the first six months for the 2021/22 financial year, due to the on-going disruption of the COVID19 Pandemic. We have completed 12 reviews in this period and to date have delivered 61% of our 2021/22 6-month plan internal audit programme for the year.

The Council continues to deliver critical services as necessary, and if there is an additional surge in cases in the Borough this will again have an impact on the internal audits being undertaken.

Please see Appendix A for further narrative on our performance indicators (PIs).

1.2.2 There was one 'No Assurance' rated report.

- Danegrove School

1.2.3 There was one 'limited' assurance report issued in this period.

- Accounts Receivable

Further detail is provided in section 2.1 of this report.

### 1.3 Findings of our Follow Up Work

1.3.1 We have commenced follow up work on all **high priority actions** with an implementation date of 30 June 2021 or sooner. We have had discussions with management on the progress made in implementing actions falling due in this period and have sought evidence to support their response.

A total of 35 high priority actions have been followed up in Q1:

- 16 actions have been confirmed as implemented or superseded (46%);
- 17 have been partially implemented (in Progress) (49%);
- 2 not completed (5%)

High priority actions: Follow-up Summary	Total	Implemented	Superseded by Follow- Up	In progress	Not Implemented
Total Number of Actions Tested	35	16	0	17	2

1.3.2 We also follow-up a sample of medium priority actions to confirm implementation.

A total of 27 medium priority actions have been followed up in Q1:

- 22 actions have been confirmed as implemented or superseded (81%);
- 5 have been partially implemented (19%); and

Medium priority actions: Follow-up Summary	Total	Implemented	Superseded by Follow- Up	In progress	Not Implemented
Total Number of Actions Tested	27	21	1	5	0
<b>Total actions followed up in Q1 (High and Medium)</b>	<b>62</b>	<b>37</b>	<b>1</b>	<b>22</b>	<b>2</b>
<b>%</b>		<b>61%</b>		<b>36%</b>	<b>3%</b>

We have currently confirmed 61% high and medium rated actions as implemented or superseded follow-up. The current total is therefore below the target of 90%. A number of actions relating to the **Land Charges - Review of Planning Data Controls and Policies** audit are not yet fully implemented, which is reflected in the % being lower than the target (see update below at 1.4.1). In general, progress had been made where possible, and the outturn should be viewed in the context of services prioritising their response and recovery activity and the ongoing need to focus on the COVID response.

1.3.3 Until we have clear confirmation that the implementation of audit actions is at an appropriate level and that this is sustainable, we will maintain the risk rating as 16 against the following risk within the Assurance Group risk register:

AG020 - If audit actions are not implemented this could lead to a deterioration in the council's control environment and result in the Head of Internal Audit providing a Limited Assurance Annual Opinion.

Progress against audit actions is summarised in more detail in Section 4.

## **1.4 Other Matters**

### **1.4.1 Land Charges - Review of Planning Data Controls and Policies**

Following the audit of Land Charges - Review of Planning Data Controls and Policies, two 'High' priority findings generated 14 actions that were agreed with the Deputy Chief Executive and the Re Operations Director, for completion by the end of March 2021.

It was agreed at the Q4 (2020/21) Committee that progress made against the agreed audit actions, along with a summary of the updated Programme Board plan, would be reported to the Committee in Q1 of 2021/22:

Work undertaken to review the progress on the implementation of the audit actions has found that:

- 2 actions have been fully implemented;
- 2 actions have not been implemented;
  - Action 1.4 - Obtain the data directory and review to confirm it provides the clarity needed
    - The review of the action found that a data directory was not included with the Data Management Strategy. Therefore, this action is considered to be not implemented.
  - Action 2.8 - Confirm that risks have been highlighted and included as appropriate on a risk register (or other equivalent document) and that there are appropriate mitigating actions in place for these risks
    - Many of the actions from the initial audit report are still in the planning stages, risk registers haven't yet been documented, however, this will be included in the final version of Land Charges project template which is still being drafted. Therefore, this action has been not implemented.
- 7 actions have been partially implemented; and
- 1 action is considered to be closed as it has been confirmed that the Local Land Charges (LLC) team currently already have the correct access and there is no intention to allow the LLC team to update or edit data in the Uniform system, rather, the approach would be to go to the appropriate dataset owner who have responsibility over the data.

There were a further four actions that were not followed up at this stage. Two are not due and a further two were not applicable for this follow-up review in light of ongoing work with HM Land Registry. See Section 4 for more detail on the audit follow-up work.

### **Programme Board Update**

"In response to the Local Land Charges Audit, Re introduced a programme in January 2021 that has grown beyond the specific scope of the Land Charges datasets and requirements.

Whilst the Audit only considered a discrete proportion of the data handled by LLC and Re, the programme in place goes further to examine processes for all datasets that flow to the Local Land Charges (LLC) Team.



The programme will deliver efficiencies and data quality improvements through improved data management including those datasets that are encompassed within the LLC1 search which will migrate to Her Majesty's Land Registry land registry.

This will involve defining our datasets, assigning owners and defining data owner responsibilities. These improvements will change the role of Local Land Charges officers from experts at finding the right information to auditors of data quality.

Recognising the scale of this change, the project mandate has been re-written, and a dedicated Project Manager from Capita Group has been appointed to oversee the delivery of this programme."

#### **1.4.2 Public Sector Equality Duty**

The review of a number of policies has been completed ahead of the scheduled quarter 2 deadline. These include the Grievance, Disciplinary, and Absence Management policies. HR are also looking to introduce the Dignity At Work Policy Statement to cover issues such as bullying. This is not viewed as a separate policy, as complaints are to be handled in line with the provisions of the Grievance Resolution Policy and Procedure, The Recruitment and Selection Policy is currently in the process of being reviewed, led by the Recruitment Manager. A review of Maternity/Paternity/Adoption/Parental Leave (which will be included under a broader 'Family Friendly' policy umbrella) will be reviewed, commencing in Q3.

#### **1.4.3 COVID19 Grant Allocations**

A significant number of grants continue to be allocated by central government to mitigate the adverse effect of the pandemic on the economy. A number of these are channelled through local authorities and as part of the Internal Audit workplan, and in conjunction with the Corporate Anti-Fraud Team (CAFT) we have advised on procedures to administer some of these grants and performed independent checks to meet the requirements of the grant allocation.

Fieldwork is underway to carry out required 'Post Payment Assurance' work on Business Grants for which monthly returns have been made by the Exchequer departments within Finance and comprehensive pre-payment checks have been made by CAFT to mitigate against fraudulent claims being awarded. In Q1 we completed the required work on the Test and Trace Service Support Grant of £1.599m, finding no issues.

### ***1.5 Recommendations***

- That the Audit Committee notes the progress made against our 2021/22 Internal Audit Programme.

## 2.0 No and Limited Assurance and reports with significant impact issued since the previous meeting

### 2.1 No Assurance Reports

#### 2.1.1 – Danegrove School

Number of Recommendations by risk Category		
Critical	High	Medium
2	5	5

#### Background and Scope

The audit of Danegrove Primary School was carried out as part of the planned School audits for 2020-21. The audit review covered the period April 2019 to January 2021.

Danegrove Primary School is a Community school with 618 pupils on role aged between 4 and 11 years of age. The School budgeted expenditure for 2020/21 is £3,636,502 with employee costs of £2,905,777 (80% of budgeted expenditure).

The School was assessed as 'Good' by OFSTED in January 2017.

A review of the four recommendations reported in the previous audit report dated 23 January 2017 found that three recommendations have been repeated (Governance, Purchasing and Payroll).

The aim of the audit is to provide assurance on key areas of financial management. The review covered all major systems within the school to ensure compliance with the Scheme for Financing Schools and the Barnet Financial Guide for Schools, including Barnet Contract Standing Orders for Schools.

The scope of the audit included assessment of the following: -

- adequacy of accounting, financial and other controls;
- compliance with established plans and procedures;
- the integrity and reliability of financial and other information;
- whether assets and other interests of the Council are properly safeguarded; and
- whether the use of resources achieves value for money.

In addition to the above, a review of the 'Schools Financial Values Standard' (SFVS) self-assessment was conducted to ensure that the self-assessment has been completed in line with requirements. The standard has been designed to assist schools in managing their finances and to give assurance that they have secure financial management in place.

### Summary of findings

**Note:** Actions and timescales to address all of the findings in the report have been agreed with the school. A follow-up audit will be completed before the end of the Summer term.

Following our review, we were able to give 'No Assurance' to the school, noting two critical, five high and five medium issues as part of the audit:

- **Banking**– The former School Bursar who was responsible for the accounts made payments from the school Bank account using Lloyds online banking throughout the period under review (April 2019 to January 2021). The Bursar did not have authority to make payments on behalf of the school and was using the online log in details provided to the Headteacher and deputy Headteacher to make payments. The Financial Guide for Schools states that this represents an unacceptable risk and should not be allowed. There were 94 unreconciled items on the Bank reconciliation report for the school bank account at the date of the audit which should be corrected without delay. (Critical rated);
- **Purchasing**– The school were not able to provide a file of signed paid invoices to support the BACs payments that had been made through the school bank account for the period from July 2019 to January 2021. There was no evidence that payments made under direct debit arrangements could be matched to an authorised filed invoice. There was no signed filed paperwork to support payments made to clear the monthly balance on the school credit card which was used to purchase food for the school kitchen and other school resources. VAT invoices were not printed and used to claim VAT on purchases made on the card. (Critical rated);
- **Tax**– A review of paperwork in school and VAT reports to support the claim for reimbursement of VAT submitted to the local authority prepared by the former bursar revealed that errors had been made in VAT claims throughout the period under review. VAT was reclaimed in error on payments made for purchases made on the school credit card, payments to Amazon for school supplies and payments to a supplier who was not VAT registered. As paperwork had not been filed for all payments made from the school bank account, it could not be confirmed that a VAT invoice was available for each amount of VAT claimed. (High rated);
- **Financial Planning**– The school was unable to provide paperwork to support the budget set for 2020/21. The school did not send a quarterly forecast of projected expenditure to the end of the financial year as required by the local authority. There was no evidence to show that projections had been prepared and comments on material variances to budget were identified and reported to Governors. Errors accounting for VAT in the current and previous year should be corrected before proceeding with any forecast. A calculation of the cost to the school of paying casual after-school playscheme staff through the year and claiming 80% of wages under the Coronavirus job retention scheme was not available. No three-year budget plan was available in school. (High rated);
- **Budget Monitoring**– Monitoring and control should be a continuous process throughout the financial year. Monitoring reports should be accurate so that early detection of significant deviation from the financial plan is possible. Budget monitoring reports reviewed through the year were not available in school at the audit. It was not possible to see what reports had been shared with Governors through the year. Monthly monitoring of payroll against budget should be completed and reviewed. A regular review should be carried out on the cost of supplying school meals using an in-house catering team, to ensure that this represents the best value for money. Capital expenditure should be correctly accounted for. Accruals should be calculated at the year end to ensure that all costs are recognised in the correct financial year. (High rated);

- **Payroll**– In April 2017, the local authority stated that all non-teaching staff of Community schools should be paid in accordance with the Barnet Unified Reward pay scales and conditions. The school had issued a contract to a teaching assistant in September 2020 which referred to employment conditions in the Green book agreed by the National Joint Council for local Government services. The contract should refer to Unified Reward Conditions. Paperwork was not filed to support additional payments made to staff. Procedures were not in place to ensure that checks were made on payroll reports to see that additional payments requested had been correctly processed by the Payroll Provider. No paperwork was available to confirm whether the school carried out performance reviews for teaching and non-teaching staff and pay increases awarded appropriately. There was no paperwork to support the amount of money claimed under the Coronavirus Job Retention scheme. There was no evidence to show that the monthly payroll reports were reviewed by anyone other than the former school bursar. There was no evidence that monthly detailed monitoring of all payroll costs to budget were carried out. (High rated);
- **School Financial Value Standard**– The School Financial Value Standard (SFVS) should be completed every year and formally discussed with the Headteacher and Governors. Barnet schools must submit their completed and approved form to the Local authority by the March deadline. The school provided SFVS return was signed in February 2019. (High rated)
- **Governance**- The financial management policy and procedures document should be updated and approved by Governors to reflect current procedures in school. The policy should include catering purchasing procedures, use of the Online Payments system ‘School Money’ and agreement of Governors to accept childcare vouchers from parents for after school clubs. Reference to the Unofficial fund account should be updated. Roles and responsibilities should be documented to confirm transactions on the school Amazon Business account have documented approval prior to order, and proof of receipt of goods recorded. Responsibilities and levels of authority when making payments using Lloyds Bank Online Banking should be agreed and documented. (Medium rated);
- **Contracts**– The school should confirm that the agreement for photocopiers provided by Corona Corporate Solutions is an operating lease, not a finance lease, in line with requirements in the Scheme for financing schools. (Medium rated);
- **Income**– The school should code grant income in line with consistent financial reporting requirements. (Medium rated);
- **Voluntary funds**– The accounts for the Unofficial Fund were last audited for the year ended 31 August 2018. The Unofficial fund should be audited on an annual basis, presented to Governors, and submitted to the Local authority within six months of the end of each accounting period. Although very few transactions went through the account, there was no evidence that the accounting records had been kept up to date and independently reviewed. (Medium rated);
- **Assets**– The IT inventory maintained on spreadsheet did not contain a cost and date of purchase for all IT assets. Annual review was not consistently completed and marked on the spreadsheet, and governors had not been asked to authorise recent disposal of whiteboards. (Medium rated)

Following our ‘Schools Financial Value Standard’ (SFVS) self – assessment review we were unable to confirm that there were no major discrepancies in judgements noted. The latest form was signed by Governors in February 2019 and related to a review of the procedures in place in 2018 and early 2019. As noted above, the period of review at this audit was April 2019 to January 2021. The School has responded with ‘Yes’ to the 25 questions in the review. The questions are reproduced in Appendix 3 below. If the SFVS had been prepared for the 2019/20 period, we would not be able to confirm that the school had carried out adequate budget monitoring as noted above.

The internal audit visit took place in February 2021 two weeks after the Bursar left the school. At the audit visit the school identified that the Bursar had not been filing paperwork to support payroll changes and transactions authorised on the school bank account. We did not find any evidence that fraud had occurred, however Internal audit reviews look at the processes and controls in place in school and verify these controls by looking at a sample of filed paperwork in school. We did not check every transaction that took place in the period under review. Internal audit recommend that the school should undertake further checks to assure the Governors that no fraud was committed during this period of weak financial controls.

## 2.2 Limited Assurance Reports

### 2.2.1 Follow-up of Finance Global Design Principles (FGDP) – Accounts Receivable

Number of Recommendations by risk Category		
Critical	High	Medium
0	1	3

#### Scope

This review was undertaken as part of the London Borough of Barnet Internal Audit & Anti-Fraud Strategy and Annual Plan 2020-21, which was approved by the Council's Audit Committee on 14th July 2020.

In March 2020 Finance undertook a self-assessment of their financial control environment by comparing/mapping expected control processes (principle questions) to control processes in operation in LBB finance systems. The exercise covered control processes in operation in various control categories/levels within the finance systems: Purchase to Pay, Order to Cash, Record to Report, Tax, Payroll, Expenses, Investment Appraisal, Project Accounting, Non-Current Assets and Cash Management. The assessment by control category/level was rated green, amber or red depending on whether expected controls existed in the LBB Finance control environment. The following overall ratings applied - green (over 80% of expected controls met), amber (50-80% of expected controls met) and red (less than 50% of expected controls met). The objective rating of the AR consists of green (Process management 88% and supporting activities 85%), amber (Master data set up 65%, Invoice generation 73%, Receipting 67% Debt management 68%) and red (Compliance control 38%, Management information 45%). It was agreed at the time that Internal Audit would undertake a review six months later to assess whether the identified controls were operating as expected.

#### Summary of findings

This audit has identified 1 high and 3 medium risk findings.

We identified the following issues as part of the audit:

- **Accuracy of Credit Note Processing - Unallocated credit notes (High):** We found 214 cases of unallocated credit notes of a total sum of £678,899. 23/214 (10.7%) of these unallocated credit notes have been outstanding for over three years.
- **Accuracy of Credit Note Processing - Approval limits (Medium):** We established that the approval limits are set for all Managers and above to £999,999.00. There is no limit set up on the system relevant to the Manager's approval limit set up in the delegation of authority.
- **Authorisation of Refunds - Lack of Interface (Medium):** We established within our sample that 2/15 (13%) of the refunds tested were not fully allocated to the invoices. We also established that the invoicing system and the refund systems are not linked together by an interface.

- **Invoice Accuracy - Replication of customer master file changes** (Medium): We noted that the master files are not replicated in other systems as there is no interface (for e.g. Mosaic, GL Feeder systems).

### 3.0 Progress against plan

The table below represents a summary of the work that we have completed during the period 1<sup>st</sup> April 2021 to 30th June 2021 or that is currently underway.

Stage	Name of review	Report classification	Total findings	Ratings				
				Critical	High	Medium	Low	Advisory
<b>Q1 – 1 April – 30 June 2021</b>								
Complete	Danegrove School	No Assurance	12	2	5	5	-	-
Complete	Finance Global Design Principles (FGDP) - Accounts Receivable	Limited	4	-	1	3	-	-
Complete	Pension Transition Follow-up	Partially Implemented						
Complete	Land Charges Follow-Up	Partially Implemented						
Complete	Monken Hadley School	Reasonable	8	-	-	5	3	-
Complete	Shalom Noam School	Reasonable	6	-	-	5	1	-
Complete	Finance Global Design Principles (FGDP) - General Ledger	Reasonable	5	-	-	2	3	-
Complete	Finance Global Design Principles (FGDP) - Accounts Payable	Reasonable	4	-	-	3	-	1

Complete	Finance Global Design Principles (FGDP) – Cash and Bank	Reasonable	4	-	-	4	-	-
Complete	Finance Global Design Principles (FGDP) - Non-Schools Payroll	Reasonable	3	-	-	2	1	-
Complete	Finance Global Design Principles (FGDP) - Fixed Assets	Substantial	2	-	-	2	-	-
Complete	Test and Trace Service Support Grant Certification	N/A						
Draft Report	Parking - PCN Cancellations (Partial testing due to resource constraints in the COVID19 Pandemic)	TBC						
Draft Report	Direct Payments – Data Analysis	TBC						
Draft Report	Adults Debt Recovery	TBC						
Draft Report	Barnet Education & Learning Services (BELS) Governance arrangements	TBC						
Draft Report	COVID 19 Response and Recovery - Realtime Transaction Analysis (Phase 2)	TBC						
Draft Report	Construction (Design & Management) – CDM Regulations	TBC						
Draft Report	Project Management Toolkit – Advisory review	TBC						
Draft Report	Agency Staff	TBC						
Draft Report	Brent Cross Regeneration Project	TBC						

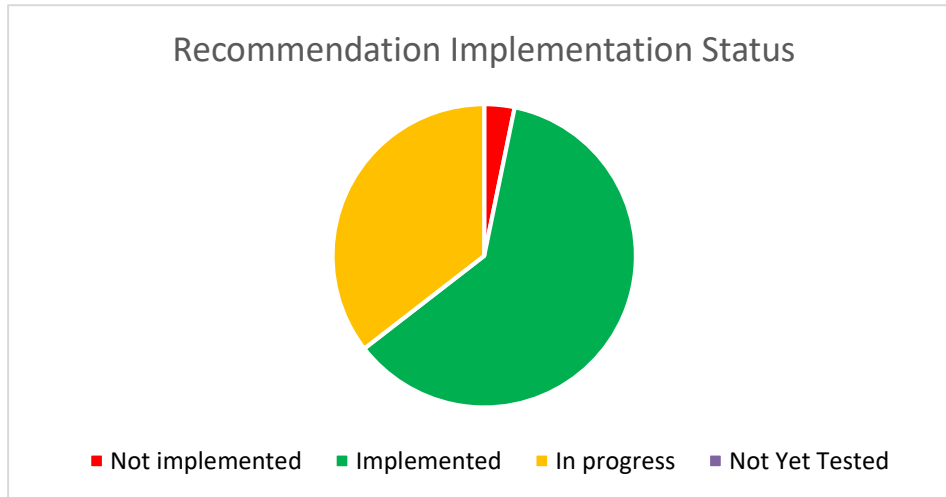


Draft Report	Orion School	TBC							
Fieldwork	Integra Issue Management	TBC							
Fieldwork	Estates Compliance	TBC							
Fieldwork	COVID19 Business Grants – Post Payment Assurance	TBC							
Fieldwork	Managing Systems Access Rights – Controcc	TBC							
Fieldwork	Equalities Diversity and Inclusion	TBC							
Fieldwork	Colindale School	TBC							
Planning	Troubled Families Q1	TBC							
Planning	Premises Licensing and Gambling	TBC							
Planning	Private Residential Blocks – Fire Safety	TBC							
Planning	Trade Waste	TBC							
Planning	Council Tax	TBC							
<b>Q2 – 1 July – 30 September 2021</b>									
Planning	VAT								
Planning	Sustainability Strategy								
Planning	Remote Working								

## 4.0 Follow Up

### 4.1 Summary

5.1.1 The wheel below demonstrates how many high and medium priority actions due this period have been confirmed as being implemented, in progress, not implemented or have not yet been tested.



### 4.2 Outstanding actions

4.2.1 During this period we followed up 35 high priority and 27 medium priority actions due by 30 June 2021. 16 high priority and 22 medium priority actions were found to be implemented or superseded. The remaining 19 high and 5 medium actions tested were found to be in progress or not implemented.

\* At the request of the Audit Committee a column has been added to show how many times the action has slipped i.e. not been implemented within the agreed timeframe. The colour key is as follows:

White = 1 (i.e. first-time non-implementation being reported)

Amber = 2 (i.e. second time non-implementation being reported)

Red = 3+ (i.e. at least third time non-implementation being reported)

#### 4.2.2 Outstanding high priority actions

	Name of report	Agreed Action	Status (Not Implemented / In Progress / Unable to Test)	Owner	Due Date	Slippage*
Strategic Director: Deputy Chief Executive						
1	Highways Programme  August 2019	b) Work will not be goods receipted by LBB Finance before the necessary authorisation is on file as per action (a), Management will clearly define the responsible officers for ensuring that Re Invoice 2s are approved for payment and the minimum documentation which will be on file to support the payments	<p><b>Partially completed – Substantial Progress</b></p> <p>In our Q4, 2021/21 progress report to the Audit Committee we found that LBB Commercial and LBB Finance had agreed that formal sign off and validation was not possible for the year to able invoices to be raised ahead of Re's year-end (31st December). Therefore, it was agreed to raise an over-arching PO to enable invoicing to take place, subject to final reconciliation and off-set against future Re invoices on an 'if necessary' basis. It was agreed that any reconciliations would be carried out in the new year and ahead of the Council's final year end (31st March); however, we had not seen evidence of the reconciliation.</p> <p>Prior to the Q4, 2020/21 meeting of the Audit Committee we were given management comments that a reconciliation had been completed. This was reported back verbally to the Audit Committee along with the explanation that Internal Audit still needed to review the evidence which had been supplied prior to the meeting.</p> <p>On reviewing the evidence, we found that we could not be supplied with information that the reconciliation had been completed in line with expectations (i.e. between the purchase order of the overarching SPIR and invoiced amounts)</p>	Commercial Performance & Dev Manager	31/12/2019	5

			<p>and invoiced amounts had been reconciled against underlying data supplied by Re.</p> <p>This quarter we were informed that three invoices has been paid in 2021/22. We therefore decided to go back to the original recommendation and gather assurance that invoices had not been not goods receipted before necessary authorisation is on file.</p> <p>At the time of our testing three invoices had been paid in 2021/22:</p> <ul style="list-style-type: none"><li>- In line with our expectations two invoices had been 'goods receipted' after authorisation has been sought from the relevant Lead.</li><li>- One invoice for £15K related to Temporary Works Investigation, Design and Implementation at Mill Corner. Whilst approval from the Lead was on file this was dated after the invoice has been 'goods receipted' by the Parking Team</li></ul> <p>The Programmes, Performance and Risk Team confirmed that SPIRs should only been 'goods receipted' by the Special Projects Officer and this did not happen in this instance. At the time of this report the service were investigating why this process step was not completed correctly.</p> <p>In Q2 we will test a further sample of invoices to confirm the correct steps have been taken prior to payment.</p>			
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2.	<b>Land Charges - Review of Planning Data Controls and Policies</b>  <b>January 2021</b>	1.1. We will review our processes to better understand critical data items. We will identify existing data gaps and define desired data quality thresholds,	<b>Partially implemented</b>  A gap analysis of Barnet's critical data needs and existing data is in progress and is documented in the <b>LLC Audit Response Project Overview</b> . Although this is not yet fully complete a plan has been developed into how the issues raised in the initial audit should be resolved. These have been described as a 'responsive' approach, which is focussed on quick wins and high priority items, and a 'methodical' approach which focused more on the broader changes that need to be made long term which supersede the 'responsive' approach.  The 'responsive' approach has been taken to address and investigate each of data quality issues that were outlined in the last review which can be seen in the 'Audit Specific Data Issues' file provided where it was determined what action needed to be taken on each item.  Documentation has started to be compiled looking into all critical data and the current state and reliability of these ( <b>LLC Audit Response Project Overview</b> ).  Therefore, it has been agreed that this action has been partially completed.  As the review process of critical data items and data gaps are still in progress and at their initial stage (as per the above), this follow-up audit was not able to confirm whether the gap analysis identified any 'human error' issues around data inputs.	Re Transformation Manager	<b>30 January 2022</b>	2
3.	<b>Land Charges - Review of Planning Data Controls and Policies</b>  <b>January 2021</b>	1.2 We will define appropriate data quality metrics against which ongoing effectiveness can be assessed.	<b>Partially Implemented</b>  Not yet followed up by Internal Audit due to ongoing work with HM Land Registry.	Re Transformation Manager	<b>31 March 2021</b>	1

4.	<b>Land Charges - Review of Planning Data Controls and Policies</b>  <b>January 2021</b>	<p>1.3. We will define and implement a strong data governance framework that can be applied across Council services to sustain data quality, ensuring existing policies such as the Data Quality Standard are embedded within teams. This should include:</p> <ul style="list-style-type: none"> <li>a) A vision and strategy including objectives and priorities</li> <li>b) An operating model including defined roles and responsibilities</li> <li>c) Change management including communication, awareness and training</li> <li>d) Monitoring including metrics and KPIs.</li> </ul>	<p><b>Partially Implemented</b></p> <p>A strategy has been drafted and is being taken to various networks and people to review and refine before it is implemented. Discussions have also commenced at a pan-London level in relation to Data Management; London Office of Technology and Innovation is leading on two pieces of work (1) Camden's Data Charter and (2) Brent's Data Ethics work, outcomes of both of these pieces of work will feed into the Data Management Strategy. It has been agreed that this action has been partially implemented</p>	Head of Organisational Insight	<b>30 January 2022</b>	2
5.	<b>Land Charges - Review of Planning Data Controls and Policies</b>  <b>January 2021</b>	<p>1.4. We will create a data directory that would provide clarity over which data items are essential versus nice-to-have.</p>	<p><b>Not Implemented</b></p> <p>A data directory was not included with the Data Management Strategy Therefore, this action is considered to be not implemented.</p>	Head of Organisational Insight and Intelligence	<b>30 January 2022</b>	2

6.	<b>Land Charges - Review of Planning Data Controls and Policies</b>  <b>January 2021</b>	1.6. We will review other data inputs that feed into the LLC process taking into consideration the implications from this audit.	<b>Partially Implemented</b>  A master data sheet of all data, <b>LLC Audit Response Project Overview</b> , that is used within the LLC process is being established reviewing any gaps in data as well as examining the consistency of this data. Research into each dataset is to be carried out and detail on the data such as source location, any mapping, and the reliability of the data is included.  Evidence of the time spent with the LLC team to discover their working practices was provided as screenshots.  Therefore, this action is considered to be partially implemented.	Re Transformation Manager	<b>30 January 2022</b>	2
7.	<b>Land Charges - Review of Planning Data Controls and Policies</b>  <b>January 2021</b>	2.1. We will define appropriate roles and responsibilities for the data used within the LLC process (including data owners).	<b>Partially Implemented</b>  Documentation outlining the dataset ownership principals, dataset owner responsibilities and the activities to establish a dataset has been drafted ( <b>REDataSetsOwner</b> file). Once this is complete the particular datasets will be established and the dataset owners will be assigned. The masterdata sheet, <b>LLC Audit Response Project Overview</b> , has also been created in order to aid the establishment of the datasets.  Email correspondence has been provided showing the standard in which data will be stored being drawn from best practics of Gemini 2.3.  Therefore, this action is considered to be partially implemented.	Re Transformation Manager	<b>30 January 2022</b>	2
8.	<b>Land Charges - Review of Planning Data Controls and Policies</b>  <b>January 2021</b>	2.2. We will define data entry requirements and ensure they align with data quality policies.	<b>Partially implemented</b>  The issues around the way property addresses are defined through the property lifecycle are being investigated, focussing on how UPRNs for new developments that do not yet exist should be resolved. As well as polygons that are drawn for planning	Re Transformation Manager	<b>30 January 2021</b>	2

			<p>applications on large plots of land before individual properties are defined, built and through the Street Naming and Numbering process. This is sometimes leading to individual plans showing details for all planning applications for all properties on site when doing a Local Land Search. Training for Planning Technicians has also been proposed.</p> <p>Therefore, this action is considered to be partially implemented.</p>			
9.	<p><b>Land Charges - Review of Planning Data Controls and Policies</b></p> <p>January 2021</p>	<p>2.3 We will implement governance procedures to sustain data quality levels going forward, including formalised processes for updating data quality requirements as needed.</p>	<p><b>Partially Implemented</b></p> <p>Not yet followed up by Internal Audit due to ongoing work with HM Land Registry</p>	Re Transformation Manager	31/3/21	1
10.	<p><b>Land Charges - Review of Planning Data Controls and Policies</b></p> <p>January 2021</p>	<p>2.6. We will develop a communication plan to present and share data quality initiatives and sustaining activities between the different teams.</p>	<p><b>Partly completed</b></p> <p>The communication plan on how Barnet Council will present their data quality initiatives and activities is included within the draft Data Management Strategy. It has been outlined that this will be done through a series of Breakfast briefings and Lunch &amp; Learn sessions, however a timeline on this has not been included as well as more detail around owners and audiences.</p> <p>Therefore, this action is considered to be partially implemented.</p>			2
11.	<p><b>Land Charges - Review of Planning Data Controls and Policies</b></p> <p>January 2021</p>	<p>2.7. We will review priority records prior to 2017 to ensure CIL liabilities are correctly recorded. The priority will be the critical data items in Appendix A i.e.</p>	<p><b>Partly completed</b></p> <p>A <i>CIL Data Improvement Plan</i> was provided which outlines the approach and steps that are being taken to improve the current practice around Community Infrastructure Levy (CIL) liabilities.</p>			2



		the items identified by the Local Land Charges team to complete the LLC report both completely and accurately, which is noted by a circle in the 'Critical Data Flag' column.	<p>The areas of the CIL Development Plan below are still in progress</p> <ul style="list-style-type: none"> <li>Investigating zero value deletions that are left unprocessed on the TLC Registration tab</li> <li>Find 'false non-commencements' where developers may forget to tell the council that work has started for example – screenshots of meetings on this have been provided</li> <li>Dubious Historic Nos &amp; Nulls - A report is to be created that makes it easier to find historic planning applications that were either left blank on the CIL Liability field or were wrongly marked as "No"</li> <li>Further data analysis on CIL Data</li> </ul> <p>Therefore, this action is considered to be partially implemented.</p>			
12.	<b>Land Charges - Review of Planning Data Controls and Policies</b>  <b>January 2021</b>	2.8. We will consider the risks to understand any work that may be required to improve data quality that haven't already been addressed.	<p><b>Not Implemented</b></p> <p>Many of the actions from the initial audit report are still in the planning stages, risk registers haven't yet been documented, however, this will be included in the final version of Land Charges project template which is still being drafted.</p> <p>Therefore, this action has been not implemented.</p>			2
<b>Strategic Director: Finance and Resources</b>						
13.	<b>Pension Fund Finance and Investment</b>	a) We will promptly complete admission agreements, cessation agreements and renewals of admission bonds for all employers identified in the report to the Pension Fund Committee on 30 May 2019 to minimise risk to the Fund.	<p><b>Partially Completed – Reasonable progress</b></p> <p>The list of outstanding admission, cessation agreements and bonds and bond renewals from the 30 May 2019 minutes was reviewed against the latest corresponding listings maintained by the Pensions Manager. From our review we noted the following:</p> <ul style="list-style-type: none"> <li>3/13 or 23% admission agreements still outstanding</li> </ul>	Pensions Manager	31/3/021	7

			<ul style="list-style-type: none"> <li>No cessation agreements outstanding</li> <li>Bonds and bond renewals 1/10 or 10% still outstanding.</li> </ul> <p>From review of the listings it was not always clear from the update commentary the date the last action has been taken.</p>			
14.	<b>Pensions Administration Governance Transition</b>	Discussions with WYPF have commenced as planned post transfer to identify key priorities, including data gaps resolving backlog cases. It is anticipated that a plan will be agreed during quarter 1, 2021. Timescale to complete will be determined by the contents of the action plan.	<p><b>Partially Completed – Reasonable progress</b></p> <p>1. WYPF have pulled together a data improvement project plan which was shared with Barnet at the end of March 2021.</p> <p>We inspected the data project tasklist and noted that it sets out at a high level the data tasks that need to be completed, the resulting impact if not actioned, the action owner and the deadline. The number of affected entries is not detailed on the tasklist.</p> <p>The deadlines run from 25 March to 31 July 2021. As at 19 April 2021 only one of the three tasks due has been completed. A further update has been provided at May 2021 and four of the seven tasks due had been completed. Barnet has agreed the prioritisation of data tasks with WYPF.</p> <p>In addition to the data improvement plan, WYPF are providing a data quality update report which highlights the starting position of the number of technical data fields missing and the position as at 31 May 2021.</p> <p>WYPF provide updates on a fortnightly basis. It is not clear from the data quality progress reports how the summary of</p>	Head of Pensions	31/3/2021	1

			<p>current issues interacts with the data project tasklist. The link between the data project tasklist and progress reporting needs to be clear.</p> <p>The Pensions Manager confirmed that going forwards the admin calls with WYPF would include a standing agenda item re the data improvement plan.</p> <p>WYPF have also committed to providing an updated common and conditional quality check and provide the data scores in July 2021.</p> <p>WYPF has also been working through the backlog of cases (3,454) inherited from Capita. As at 9 June 2021 this number has reduced to 1,493.</p> <p>WYPF progress against the data remediation plan, outstanding items inherited from Capita and missing member data has been reported to the Pension Fund Committee on the 4 May 2021. No numerical data has been provided to the Committee in respect to the progress against the remediation plan including the circa 1500 members missing leaver forms.</p> <p>As a number of the data issues affect a number of top priorities for the Scheme including the annual benefit statements, pension savings statements and incorrect calculations, there is still a significant amount of work required before critical data issues will be resolved. As WYPF and Barnet are in the early stages of resolving the data issues this action has been deemed partially implemented.</p>		
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15.	<b>Pensions Administration Governance Transition</b>	As discussed above, a data improvement plan will be agreed with WYPF that will have specific data improvement measures and timelines, which will be monitored and tracked. Progress against the agreed data improvement plan will be reported to the Pension Fund Committee.	<p><b>Partially implemented – Substantial Progress</b></p> <p>2. As per 1.above.</p>	Head of Pensions	31/3/2021	1
16.	<b>Pensions Administration Governance Transition</b>	Benefit process will be routinely discussed with WYPF.	<p><b>Partially Implemented</b></p> <p>A process document has been provided by WYPF that sets out the process for testing automated calculations set up in the system.</p> <p>The Pensions Manager has requested that the benefit calculation automation is added as a standing agenda item moving forwards at the WYPF Management Review meeting which is held every two months.</p> <p>WYPF has provided reporting that demonstrates for the period 1 March 2021 to 31 May 2021 that a 98.82% automated benefit calculation rate has been achieved. The agreed target is 98% and so WYPF has exceeded the target set.</p> <p>There are a small number of cases that will be non-automated and WYPF has provided detail of the controls in place in respect to manual calculations.</p> <p>WYPF have agreed to log any non-automated cases and to include these as part of their monthly report update.</p>	Pension Manager	31/3/2021	1

			Reports to the Local Pension Board will include the level of automated benefit calculations.			
17.	<b>Pensions Administration Governance Transition</b>	For data remediation and reporting, see action plans against findings 1 and 2. For data remediation and reporting, see action plans against findings 1 and 2.	<b>Partially Implemented – Substantial Progress</b>  4. As per 1. Above.	Head of Pensions	31/3/2021	1
<b>Strategic Director: Executive Director Children &amp; Young People</b>						
18.	<b>St Joseph's Catholic Primary School</b>	The school will comply with the scheme for financing schools section 4 (The treatment of surplus and deficit balances arising in relation to budget shares). The school will continue to work towards an agreed recovery plan and submit tracking evidence of recovery plans to the local authority as requested.	<b>Partially Implemented – Limited Progress</b>  The school are continuing to work on their deficit recovery plan with Barnet Finance.	Executive Headteacher/Finance officer/Governors	30 June 2021	1
<b>Strategic Director: Executive Director Environment</b>						
19.	<b>Waste Health and Safety</b>	e. Drivers/loaders who have not signed the agreed/approved Induction list will do so to formally confirm that they have read the	<b>Partially Implemented – Reasonable Progress</b>  Evidence was provided of sign-off of the Driver Document Pack by some but not all Waste driver operatives. Operatives	Interim Operations Manager, StreetScene	30/04/2021	1

		relevant procedures/risk assessments.	<p>signing the Driver Document Pack confirmed that they have received, read and understood all relevant documents.</p> <p>We had not been provided with evidence that loaders had signed off the relevant document pack to confirm that they had received, read and understood the relevant documents.</p>			
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**4.2.3 Outstanding medium priority actions**

	<b>Audit Title</b>	<b>Audit Date</b>	<b>Ref</b>	<b>Finding</b>	<b>Action</b>	<b>Responsible officer</b>	<b>Due date</b>	<b>Progress report for Audit Committee 14 July 2021</b>
1	Finance Global Design Principles Follow-Up: Budget Monitoring	31/3/21	1a	Unauthorised Virements	a. All virements will be approved in line with the Council's Financial Regulations.	Relevant Heads of Head of Finance - Growth, Housing, Corporate Services & Assurance	1/4/2021	Partially Implemented
2	Finance Global Design Principles Follow-Up: Budget Monitoring	31/3/21	1b	Unauthorised Virements	b. Records of all virement authorisation will be retained for referral.	Relevant Heads of Head of Finance – Growth, Housing, Corporate Services & Assurance	1/4/2021	Partially Implemented

3	Pensions Administration Governance Transition	15/12/2020	6	Project risk register is not routinely reviewed and updated If the project risk register is not routinely reviewed and updated, then there is a risk that project risks are not being actively monitored and managed.	The finding will be considered as part of the formal project debrief and captured in the lessons learnt.	Project Director	31/1/2021	Partially Implemented
4	Pensions Administration Governance Transition	15/12/2020	7	The finding will be considered as part of the formal project debrief and captured in the lessons learnt. If the workstream task list is not sufficiently detailed then there is a risk that key project tasks, reconciliations and sign offs may not be performed and impact on the success of the admin transition.	See post transition report in the action plan for finding 6. To address the data gaps, see action plans for findings 1 and 2.	Head of Pensions	31/3/2021	Partially Implemented
5	Pensions Administration Governance Transition	15/12/2020	8	Instances of non-attendance at Project Board meetings by core Project Board members If Project Board meetings are not attended by all core members of the Project Board then there is a risk that there is insufficient oversight and accountability which may result in the benefits of the project not being realised.	See formal project debrief and lessons learnt action plan in finding 6.	Project Director	31/1/2021	Partially Implemented

### 4.3 Completed actions

4.3.1 During this period we followed up 16 high priority and 22 medium priority actions which are deemed to have been implemented, superseded or closed. These are listed below:

#### 4.3.2 Completed high priority actions

	Name of report	Agreed Action	Owner	Due Date	Slippage*
<b>Strategic Director: Deputy Chief Executive</b>					
1	<b>Land Charges - Review of Planning Data Controls and Policies</b>	1.5 We will assess the current state of technical infrastructure and perform a gap analysis i.e. tools, technologies and skill levels and, where gaps are identified, investments in technologies and related training will be considered and a report provided back to LBB.	Re Transformation Manager	31 March 2021	- (agreed would follow up in April 2021 therefore not reported in Q4)
2	<b>Land Charges - Review of Planning Data Controls and Policies</b>	2.4 We will review Uniform access requirements for teams/specific roles to ensure that access is not too narrow so updates can be made where necessary.	Re Transformation Manager	31 March 2021	- (agreed would follow up in April 2021 therefore not reported in Q4)
3	<b>Land Charges - Review of Planning Data Controls and Policies</b>	2.5 We will identify training requirements and develop data quality training. Additionally, we will implement further training as new data quality requirements are defined or as new technology and tools are implemented.	Re Transformation Manager	31 March 2021	- (agreed would follow up in April 2021 therefore not reported in Q4)



4	<b>Procurement - Contract Procedure Rules (CPR) compliance February 2021</b>	a. A quarterly exercise will be performed whereby contract register extracts from Curtis Fitch will be communicated to delivery units. Delivery units will be required to review the extract and confirm this is accurate and complete based on their knowledge of contracts in place and spend in their Directorate/Service	Managing Consultant, Capita Procurement Solutions  Assistant Director - Investments & Innovation	1 May 2021	-	
5	<b>Procurement - Contract Procedure Rules (CPR) compliance February 2021</b>	b. CSG and Council procurement leads will confirm / agree an approach – in Consultation with Council Information Management – on the disclosure of contracts in the contracts register relating to an individual child’s placement to ensure compliance with General Data Protection Requirements (GDPR)	Managing Consultant, Capita Procurement Solutions  Assistant Director - Investments & Innovation	1 May 2021	-	
6	<b>Procurement - Contract Procedure Rules (CPR) compliance February 2021</b>	c. Procurement training will remind Services their responsibilities for communicating contracts to CSG Procurement, for example, in procurement training. In this regard, contracts include: - Standard contracts defining the terms and conditions of delivery purchase orders, including those selected from frameworks, - spot contracts, where suppliers are selected where needs cannot be met from existing approved lists - Purchase orders (PO) where the PO constitutes the contract within the £10k to £25k value range of procurement.	Managing Consultant, Capita Procurement Solutions	1 May 2021	-	
7	<b>Waste Health and Safety February 2021</b>	a. All Recycling and Waste staff will attend the agreed mandatory and non-mandatory training.	Interim Operations Manager, StreetScene	30 April 2021	-	
8	<b>Waste Health and Safety</b>	b. All Recycling and Waste training attendance will be recorded on the training matrix to facilitate the monitoring of attendance.	Interim Operations Manager, StreetScene	30/04/2021	-	

9	<b>Waste Health and Safety</b>	c. R&W Training attendance/completion will be monitored by the Street Scene Health & Safety Working Group	Assistant Director, Street Scene	30/04/2021	-	
10	<b>Waste Health and Safety</b>	d. The Induction checklists for Recycling and Waste drivers/loaders will be reviewed to ensure that they include all relevant procedures/risk assessments linked to ensuring their health and safety. R&W management will liaise with Transport to ensure that the Induction checklists are up to date.	Interim Operations Manager, StreetScene	30/04/2021	-	
11	<b>Edgware Primary School</b>  <b>December 2020</b>	The school will continue to comply with the scheme for financing schools section 4 (The treatment of surplus and deficit balances arising in relation to budget shares).	School Business Manager/ Headteacher/Governing Body	30 May 2021	-	
12	<b>Edgware Primary School</b>	The school will continue to work towards an agreed recovery plan and submit tracking evidence of recovery plans to the local authority as requested.	School Business Manager/ Headteacher/Governing Body	30 May 2021	-	
13	<b>Edgware Primary School</b>	The school has notified the local authority that the budget shortfall has arisen as a result of reduced pupil numbers which is outside the control of the Headteacher and Governors.	School Business Manager/ Headteacher/Governing Body	30 May 2021	-	
14	<b>Edgware Primary School</b>	The school is making staff redundant to reduce ongoing payroll costs	School Business Manager/ Headteacher/Governing Body	30 May 2021	-	
15	<b>Frith Manor School</b>	The school will comply with the scheme for financing schools section 4 (The treatment of surplus and deficit balances arising in relation to budget shares).	School Business Manager/ Headteacher/Governing Body	30 June 2021	-	

16	<b>Frith Manor School</b>	The school will continue to work towards an agreed recovery plan and submit tracking evidence of recovery plans to the local authority as requested.	School Business Manager/ Headteacher/Governing Body	30 June 2021	-	
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***4.3.3 Completed medium priority actions***

	<b>Audit Title</b>	<b>Audit Date</b>	<b>Ref</b>	<b>Finding</b>	<b>Action</b>	<b>Responsible officer</b>	<b>Due date</b>
<b>1</b>	<b>Public Sector Equality Duty Compliance</b>	1/9/2018	<b>2e</b>	<p>Equalities policies and published information (operating effectiveness)</p> <p>If equalities policies and supporting documentation are not up to date and regularly reviewed, staff and residents may not be aware of the current equalities position at the Council, or of any requirements they need to meet to support the Council to meet the requirements of the PSED.</p>	e) A wider review of HR policies is underway. This review will ensure that policies which impact on equalities are up to date and reflect current Council practices and relevant legislation. Strategic HR will ensure all revised and new HR policies from January 2019 will be subject to an EIA before approval	Assistant Director – Human Resources & Organisational Development	30 September 2019
<b>2</b>	<b>Pension Admin Governance</b>	15/12/2020	5	<p>Capita remediation plan to address the backlog of cases does not provide clear data on progress made</p> <p>If the remediation plan does not provide clear data on the backlog of cases which have been cleared, then there is a risk that LBB are paying money to Capita in error which does not represent best value for members of the pension scheme.</p>	As requested at the October Pension Fund Committee meeting, a report will be submitted detailing the financial arrangements relating to the termination of the Capita contract for pension administration. The report will include reference to costs incurred by the pension fund due to poor performance by the administrator.	Head of Pensions	25/2/2021
<b>3</b>	<b>Procurement - Contract Procedure Rules (CPR) compliance February 2021</b>	01/02/2021	2a	Evidence provided did not confirm approval by CSG Procurement of the vendor account in Integra; nor their related challenge to ensure how compliance with CPR was confirmed. CSG	For new applicable vendors, a record of the rationale followed by CSG Procurement to confirm that they are CPR compliant will be recorded as a note in the Integra E-Form workflow.	Managing Consultant, Capita Procurement Solutions	1/5/2021

4	<b>Procurement - Contract Procedure Rules (CPR) compliance February 2021</b>	01/02/2021	3a	The take-up of training by Council officers responsible for procurement was poor. Arrangements therefore should include ensuring sufficient take-up of procurement training in Services to remind officers of their procurement responsibilities.	a. Arrangements to improve the take-up of procurement training offered will be implemented, for example planned procurement training schedules will be communicated to Senior Management in the Council to cascade to officers in the Service.	Assistant Director - Investments & Innovation  Managing Consultant, Capita Procurement Solutions	1/5/2021
5	<b>Procurement - Contract Procedure Rules (CPR) compliance February 2021</b>	01/02/2021	3b	The take-up of training by Council officers responsible for procurement was poor. Arrangements therefore should include ensuring sufficient take-up of procurement training in Services to remind officers of their procurement responsibilities.	b. The Commercial Team will support CSG Procurement in improving the take-up of procurement training throughout the Council, for example, through ensuring that poor training take-up is reported to Senior Management in Services in advance of delivery of training to challenge /chase officers in Services to improve attendance at training.	Assistant Director - Investments & Innovation  Managing Consultant, Capita Procurement Solutions	1/5/2021
6	<b>Procurement - Contract Procedure Rules (CPR) compliance February 2021</b>	01/02/2021	3c	The take-up of training by Council officers responsible for procurement was poor. Arrangements therefore should include ensuring sufficient take-up of procurement training in Services to remind officers of their procurement responsibilities.	c. Quarterly training uptake will be reported to the Procurement Board for review and action, where necessary.	Assistant Director - Investments & Innovation  Keith Hinchcliffe, Managing Consultant, Capita Procurement Solutions	1/5/2021

7	<b>Procurement - Contract Procedure Rules (CPR) compliance February 2021</b>	01/02/2021	3d	Procurement procedures were not up to date and did not define certain key processes/responsibilities clearly	d. The Procurement Toolkit 2018 and other procurement documents will be reviewed and updated, where necessary, for example in line with the Procurement New Operating Model procedures	Managing Consultant, Capita Procurement Solutions  Acting Records Manager (once CSG Procurement has requested the related update in the Procurement Toolkit relating to the Records Manager role)	1/5/2021
8	<b>Procurement - Contract Procedure Rules (CPR) compliance February 2021</b>	01/02/2021	3e	Procurement procedures were not up to date and did not define certain key processes/responsibilities clearly	e. For the Records Management aspect, responsibility for the maintenance of digital/softcopy and hardcopy contract repositories will be clarified.	Managing Consultant, Capita Procurement Solutions  Acting Records Manager (once CSG Procurement has requested the related update in the Procurement Toolkit relating to the Records Manager role)	1/5/2021

9	<b>Procurement - Contract Procedure Rules (CPR) compliance February 2021</b>	01/02/2021	3f	Procurement procedures were not up to date and did not define certain key processes/responsibilities clearly	f. CSG Procurement will request Records Management to provide an update to the Toolkit of the Records Manager role and Service responsibility in relation to the provision, storage, retrieval and safekeeping of Council contracts which will include the Service requirement to provide Records Manager with the contract, contract name and the relevant Service area/ manager/team responsible for the contract. Procurement training will raise awareness of the responsibility for Services to provide contracts to the Records Manager.	Managing Consultant, Capita Procurement Solutions  Acting Records Manager (once CSG Procurement has requested the related update in the Procurement Toolkit relating to the Records Manager role)	1/5/2021
10	<b>Procurement - Contract Procedure Rules (CPR) compliance February 2021</b>	01/02/2021	3g	Procurement procedures were not up to date and did not define certain key processes/responsibilities clearly	g. The date a new documented was created or an existing document was reviewed, with version control, will be recorded on all procurement documents.	Managing Consultant, Capita Procurement Solutions  Acting Records Manager (once CSG Procurement has requested the related update in the Procurement Toolkit relating to the Records Manager role)	1/5/2021

11	Procurement - Contract Procedure Rules (CPR) compliance February 2021	01/02/2021	3h	Procurement procedures were not up to date and did not define certain key processes/responsibilities clearly	<p>h. Procedure documents that have been superseded will be removed from the Intranet to avoid misunderstandings relating to process.</p> <p><b>Superseded:</b> The Procurement Toolkit 2018 still refers to current procurement processes for example on all the social value, business continuity areas, etc and so should remain on the Intranet to be available for referral until it is updated. The update is covered in 2 of the other incomplete actions. The Toolkit has not been superseded by other documents; therefore this action is N/A.</p>	<p>Managing Consultant, Capita Procurement Solutions</p> <p>Acting Records Manager (once CSG Procurement has requested the related update in the Procurement Toolkit relating to the Records Manager role)</p>	1/5/2021
12	Procurement - Contract Procedure Rules (CPR) compliance February 2021	01/02/2021	4a	Findings were generally satisfactory however in some instances, relating to earlier years, we were unable to locate decisions and evidence of certain formalities, for example, the consultation with Members.	a. Procurement training will remind Services of the Contract Procedure Rules decision making process relevant to accepting contract awards/ variations and extensions. Specifically, that all spend under a contract must be supported by clear audit trails of the appropriate CPR decision from initial award to contract extension/variation. For low value procurements, the risk of inadvertently breaching CPR value limits requiring acceptance/award by more senior officers will be communicate as part of training.	Managing Consultant, Capita Procurement Solutions	1/5/2021



13	<b>Procurement - Contract Procedure Rules (CPR) compliance February 2021</b>	01/02/2021	5a	Evidence that procurement exercises were advertised on Contract Funder was not always available for review.	a. CSG Procurement training will remind Services of the requirement to advertise procurements on all relevant platforms in line with Contract Procedure Rules, for example in training and the provision of procurement support. In this instance the training / advice provided will address the risk of low value expenditure inadvertently exceeding CPR limits (spend creep) and the requirement that procurements above the 25k value limit must be advertised on Contracts Finder.	Managing Consultant, Capita Procurement Solutions	1/5/2021
14	<b>Procurement - Contract Procedure Rules (CPR) compliance February 2021</b>	01/02/2021	5b	Evidence that procurement exercises were advertised on Contract Funder was not always available for review.	b. The copy of the procurement notice being published on Contracts Finder will be obtained prior to it being archived and retained for referral.	Managing Consultant, Capita Procurement Solutions	1/5/2021
15	<b>Procurement - Contract Procedure Rules (CPR) compliance February 2021</b>	01/02/2021	6a	Arrangements for Re procurements and how they were managed were unclear, for example, CSG Procurement indicate that they had no oversight of procurements undertaken by Re.	a. The Procurement Board and CSG Procurement will develop arrangements to maintain oversight of procurement exercises undertaken by Re for the Council, for example requiring Re to provide a quarterly update of procurements being managed by Re for the Council to the Procurement Board for future monitoring of compliance with CPR.	Assistant Director - Investments & Innovation	1/5/2021

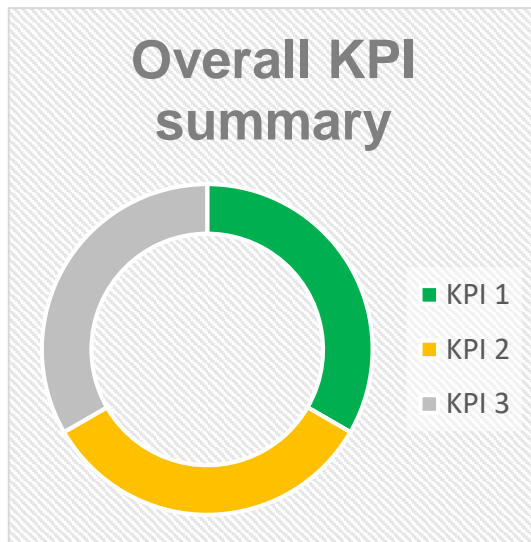
16	<b>Procurement - Contract Procedure Rules (CPR) compliance February 2021</b>	01/02/2021	7a	Procurement Declaration of Interest forms were not completed for all procurements	<p>a. To ensure that PDIs are completed for all procurement exercises, an approach to completing PDIs will be developed and communicated when:</p> <ul style="list-style-type: none"> <li>- selecting vendors at lower values</li> <li>- selecting vendors from external frameworks or approved lists</li> <li>- social care spot contracts</li> </ul> <p>For example, for lower value procurements, we suggest periodic retrospective completion of PDI forms relevant to those vendor selections. For example, officers will complete PDI forms for awards to vendors made in this manner over the previous 6 months.</p>	Assistant Director - Investments & Innovation	1/5/2021
17	<b>Procurement - Contract Procedure Rules (CPR) compliance February 2021</b>	01/02/2021	7b	Procurement Declaration of Interest forms were not completed for all procurements	b. Procurement training will be reminded of their responsibilities for completing PDI forms in terms of the HR Code of Conduct	Assistant Director - Investments & Innovation	1/5/2021
18	<b>Procurement - Contract Procedure Rules (CPR) compliance February 2021</b>	01/02/2021	8a	The Procurement Toolkit was not clear on when financial assessments should be undertaken, for example, whether the assessment of financial position was undertaken for social care spot placement contracts	a. The responsibility for financial evaluation of tenders between Council and CSG Finance will be determined. The CPR will be updated if necessary.	Assistant Director - Investments & Innovation Managing Consultant, Capita Procurement Solutions	1/5/2021

19	<b>Procurement - Contract Procedure Rules (CPR) compliance February 2021</b>	01/02/2021	8b	The Procurement Toolkit was not clear on when financial assessments should be undertaken, for example, whether the assessment of financial position was undertaken for social care spot placement contracts	b. The Procurement documentation, the Procurement Toolkit, will clarify the policy for when financial evaluation to assess the financial resilience of suppliers awarded contracts.	Assistant Director - Investments & Innovation  Managing Consultant, Capita Procurement Solutions	1/5/2021
20	<b>Procurement - Contract Procedure Rules (CPR) compliance February 2021</b>	01/02/2021	8c	The Procurement Toolkit was not clear on when financial assessments should be undertaken, for example, whether the assessment of financial position was undertaken for social care spot placement contracts	c. Procurement training will confirm the policy and process for the financial assessment of suppliers awarded contracts.	Managing Consultant, Capita Procurement Solutions	1/5/2021
21	<b>Procurement - Contract Procedure Rules (CPR) compliance February 2021</b>	01/02/2021	9a	We noted in two instances, that business continuity and related BC plans had not been addressed in the contracts. The Procurement Toolkit 2018 indicated that "For all contracts, in excess of £25,000, business continuity must be discussed, and a business continuity plan confirmed as part of contract delivery."	a. CSG Procurement training/support will remind Services to ensure information management, social value, safeguarding, insurance and business continuity contractor responsibilities are embedded as part contract delivery, specifically that business continuity plans will be confirmed as part of contract delivery.	Managing Consultant, Capita Procurement Solutions	1/5/2021

22	Schools Payroll	29/4/2020	2	User access termination process effectiveness. If operations run in a context of potential risk of segregation of duties and without a single sign-on policy, then unterminated users increase the exposure to errors and unauthorised transactions.	2. The process agreed with IT will be enforced to ensure that the terminated user's system access is removed immediately. Capita will communicate with IT in advance of the user's final day to ensure that IT have enough time to set up the system to remove the user's access in a timely manner. Capita management will obtain written confirmation from IT on the termination date that the user account has been closed, along with a system screenshot to support it.	Business Manager Carlisle, Capita  HR Excellence Manager  Capita Employee Solutions	31/5/2020
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# *Appendices*

## Appendix A: Key performance indicators (KPIs)



**KEY:**

Fully Achieved

Partially Achieved

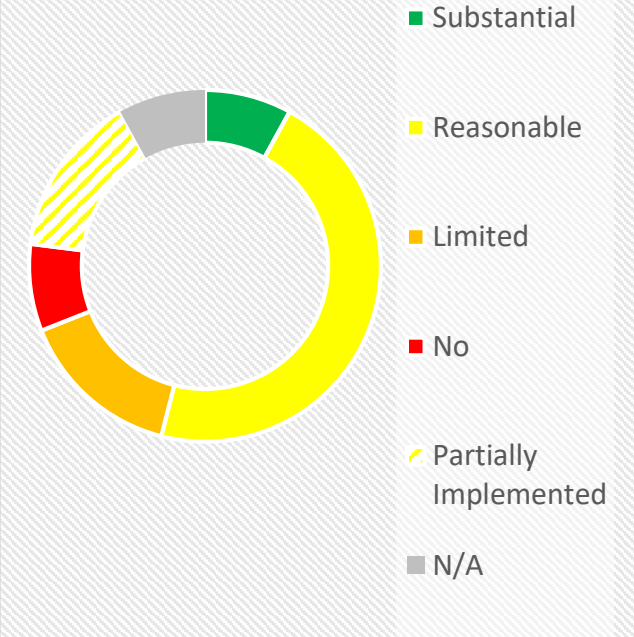
Not Achieved

N/A



KPI	Target	Results	Comment										
<p><b>1. % of Plan delivered</b></p> <p><b>Narrative:</b> The target for Q1 is an annual target however this year we only set a six month plan. We have delivered 61% of that six month plan.</p>	27%	61%	<p>Work in progress is incorporated as follows:</p> <table border="1"> <tr> <td>Not Started</td> <td>0%</td> </tr> <tr> <td>Planning</td> <td>20%</td> </tr> <tr> <td>Fieldwork</td> <td>50%</td> </tr> <tr> <td>Draft Report</td> <td>90%</td> </tr> <tr> <td>Complete</td> <td>100%</td> </tr> </table> <p>Applying these %s to work in progress shows that we have delivered 61% of our plan.</p> <p><b>Up to 25% = Not Achieved</b> <b>26% - 50% = Partially Achieved</b> <b>51% = Fully Achieved</b></p>	Not Started	0%	Planning	20%	Fieldwork	50%	Draft Report	90%	Complete	100%
Not Started	0%												
Planning	20%												
Fieldwork	50%												
Draft Report	90%												
Complete	100%												
<p><b>2. Verification that at least 90% of Critical and High Risks have been mitigated by management at the time of follow up</b></p>	90%	61%	<p><b>0-49% = Not Achieved</b> <b>50-89% = Partially Achieved</b> <b>90% = Fully Achieved</b></p>										
<p><b>3. Average customer satisfaction score for year to meet or exceed acceptable level for at least 85% of completed surveys</b></p>	85%	N/A%	<p><b>0-49% = Not Achieved</b> <b>50-84% = Partially Achieved</b> <b>85% = Fully Achieved</b></p> <p><b>Note:</b> no customer satisfaction survey responses received yet this year.</p>										

# Assurance Ratings



4. % of reports year to date achieving:			
•Substantial	<b>N/A</b>	<b>8%</b>	
•Reasonable		<b>46%</b>	
•Limited		<b>15%</b>	
•No Assurance		<b>8%</b>	
•Partially Implemented		<b>15%</b>	
•N/A		<b>8%</b>	

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# *London Borough of Barnet Internal Audit Charter*

July 2021

# 1. Introduction

This Internal Audit Charter sets out the Internal Audit service vision and clarifies the role and responsibilities of the London Borough of Barnet Internal Audit Service and the audited services. It underpins the Audit Strategy & Annual Plan approved by the members of the Audit Committee. The Head of Internal Audit will periodically review this Charter and present it to senior management (defined as the Council Management Team - CMT) and the board (defined as the Audit Committee) for approval.

## 2. Mission & Definition of Internal Audit

The Public Sector Internal Audit Standards (PSIAS) state that the Mission of Internal Audit articulates what internal audit aspires to accomplish within an organisation: **To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.**

Internal Audit is defined in the PSIAS as “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

The Accounts and Audit Regulations 2015 state a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. The PSIAS (comprising the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards and the Definition of Internal Auditing) and CIPFA’s Local Government Application Note are mandatory in nature and both are adhered to in the operation of London Borough of Barnet’s Internal Audit service. Our auditors also have due regard to the Seven Principles of Public Life, as defined by the Committee on Standards in Public Life (Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty, Leadership).

### 3. Purpose and Core Principles of Internal Audit

The objective of Internal Audit is to assist officers and members in the effective discharge of their responsibilities. To this end, internal audit furnishes them with assurance, analysis, appraisals, counsel and information concerning the activities reviewed and risks not mitigated adequately. This objective includes promoting effective control at reasonable cost.

The PSIAS include 10 Core Principles which, taken as a whole, articulate internal audit effectiveness and these are adhered to within the internal audit service at London Borough of Barnet:

- Demonstrates integrity.
- Demonstrates competence and due professional care.
- Is objective and free from undue influence (independent).
- Aligns with the strategies, objectives, and risks of the organisation.
- Is appropriately positioned and adequately resourced.
- Demonstrates quality and continuous improvement.
- Communicates effectively.
- Provides risk-based assurance.
- Is insightful, proactive, and future-focused.
- Promotes organisational improvement.

## 4. Organisational Independence

The Internal Audit function sits within the Assurance Directorate, which provides independent oversight and assurance to CMT and to elected members. For every review undertaken, potential conflicts of interest will be considered. To be able to achieve Internal Audit's objectives, the Head of Internal Audit and internal audit staff play no role in any of the Council's operational activities. Thus the Internal Audit function is able to carry out independent reviews of the areas subject to audit.

Should this change, for example if the chief audit executive (Head of Internal Audit) begins to undertake non-audit activities, appropriate safeguards will be put in place to ensure independence and objectivity is maintained. For example, if the Head of Internal Audit is tasked with undertaking operational activities, internal audit review of these activities would be undertaken by the internal audit provider, currently Price Waterhouse Coopers (PwC), and the resultant reports signed off by a sponsor within CMT.

Any reviews that need to be undertaken of the Assurance Directorate (for example, governance, elections or corporate anti-fraud) will, where appropriate, be undertaken through the internal audit provider, currently PwC, to ensure independence and objectivity to the review.

The Director of Assurance has a commissioning role for the Legal Shared Service. To avoid a conflict of interest, the Assurance Director will not be involved in any internal audit reviews that concern the Harrow and Barnet shared legal service (HB Public Law) other than as an audit client.

## 5. Status of Internal Audit

The Head of Internal Audit (Chief Internal Auditor) reports to the Director of Assurance and has a statutory reporting line to the Chief Executive. The Chief Internal Auditor supports the Chief Executive and the section 151 officer to discharge their responsibilities with regard to “making proper arrangements for the financial affairs of the Council”.

The Head of Internal Audit has direct access to the Audit Committee and Chief Executive and reports in his / her own name to members. He/she is able to meet with the Chair of the Audit Committee in private for the purposes of the role.

Internal Audit has the authority to:

- enter any Council land or premises;
- have access to all records, documents, correspondence, personnel and assets of the Council (including contractors as far as the contract allows);
- receive such information and explanation as are necessary to fulfill its responsibilities; and
- require any employee of the Council to produce cash, stores or any other Council property under his or her control.

For clarity, the Council’s contracts with Capita allow for the following:

‘Subject to the Authority’s obligations of confidentiality, the Service Provider shall upon request provide the Authority (and/or its agents or representatives) within two (2) Business Days (unless agreed otherwise by the parties acting reasonably) with all reasonable co-operation and assistance in relation to each audit, including:

- a) all information reasonably requested by the Authority within the permitted scope of the audit;
- b) reasonable access to any Service Provider’s Premises and to any equipment used (whether exclusively or non-exclusively) in the performance of the Services;
- c) reasonable access to the Service Provider’s systems; and
- d) reasonable access to Staff.’

## 6. Responsibility of Audit Committee

The Audit Committee is responsible for endorsing the Internal Audit & Anti-Fraud Strategy and Annual Plan. It is also responsible for approving any periodic revisions to the Internal Audit Charter.

During the course of the financial year, progress reports of internal audits carried out, with their outcomes, will be reported to members. These progress reports will include the opinions given for each audit, where appropriate.

The Audit Committee has requested details of any audits given limited or no assurance within the quarter. The detail will include the background to the audit, the findings, critical, high and medium priority recommendations and associated agreed actions.

## 7. The role of Statutory Officers

The role of the Chief Executive, Section 151 officer, and the Monitoring officer is to provide feedback on the Internal Audit and Anti-Fraud Strategy and Annual Plan prior to it being approved by the Audit Committee. During the year, statutory officers receive progress reports from the Head of Internal Audit at CMT meetings and are responsible for providing comments on audit recommendations and action taken to resolve those.



## 8. Delivery of the Audit Service

The Head of Internal Audit is responsible for preparing the Audit Strategy and Annual Plan and for delivering the audit service in accordance with that document and this Charter. To ensure that this can be achieved, there are appropriate arrangements, including reviewing the internal audit budget, for:

- determining and planning the audit work carried out; and
- providing the appropriate resources to carry out the work

The Annual Plan agreed with the Audit Committee confirms that if, during the course of the year, the Head of Internal Audit believes that the level of agreed resources will impact adversely on the provision of the annual internal audit opinion, this will be brought to the attention of the Audit Committee.

The Internal Audit service provides a combination of 'Assurance' and 'Consulting' activities, as classified under the PSIAS. Assurance work involves assessing how well systems and processes are designed and working. Consulting activities help to improve systems and processes where needed, generally known as advisory work. Examples include providing advice on implementing new systems and controls before they are established, facilitation and training.

When advice requested from Internal Audit would be classified as 'consulting' services under the PSIAS, if the level of resources required to complete the work could lead to the planned 'assurance' work programme for the year not being achievable, approval will be sought from the Audit Committee before the engagement is accepted.

In the case where 'consulting' advice is requested from Internal Audit, if the area **is** considered significantly high a risk by Internal Audit, the cost will be met from the Internal Audit budget.

In the case where 'consulting' advice is requested from Internal Audit, if the area **is not** considered significantly high a risk by Internal Audit, the service making the request will need to pay for the consulting service if they wish to proceed with the review.

To maintain independence, any auditor involved in consulting activity will not have involvement in the audit of that area for at least 12 months before or after the consulting activity.

Management's responsibilities including decisions on governance, risk management and controls will remain with management and not with the advisor.

## 9. Scope

It is the responsibility of the Head of Internal Audit to provide senior management and the Audit Committee with an annual report on the work of the Service. This Report includes an opinion on the control environment. The control environment comprises the systems of governance, risk management and internal control. Thus all of the Council's activities are included in the scope of internal audit. The work of the Service is, therefore, planned to achieve this opinion and will include evaluation of:

- the risk management system;
- the effectiveness of systems in relation to the business risks of delivery units, including alignment with the Council's strategic goals, and assessing their adequacy in operation;
- external assurances provided by the auditors of bodies external to the Council but providing services on its behalf;
- compliance with the Council's standing orders, financial regulations, corporate and directorate codes, legislation and other regulations;
- the extent to which assets are acquired in accordance with Council regulation, used appropriately and efficiently, accounted for and protected from losses of all kinds arising from waste, extravagance, poor value for money, fraud or misuse;
- the suitability, accuracy, reliability and integrity of management information, including financial information, and its effective use; and
- the operation of the Council's governance arrangements.

The Head of Internal Audit's annual report will include:

- the opinion;
- a summary of the work that supports the opinion; and,
- a statement of conformance with the PSIAS and the results of the quality assurance and improvement programme derived from the internal or external assessment of the Internal Audit service.

The Strategy and Annual Plan is owned by the Internal Audit and Corporate Anti-Fraud team. The risk of fraud is a standard consideration across all audit reviews undertaken. Close liaison occurs between Internal Audit and Corporate Anti-Fraud colleagues.

In accordance with the Council's Financial Regulations all Council Members and employees are personally responsible for ensuring that they (and any subordinates) are aware of the Council's Counter Fraud Framework and the procedures and policies within it. All suspected or detected fraud, corruption or impropriety must be reported to the Director of Assurance, the Chief Internal Auditor or any member of the CAFT.

Through close liaison between the Director of Assurance and the Head of Internal Audit, it is ensured that any instances of suspected or detected fraud will be known and will be considered when planning internal audit reviews.

## 10. Managers' responsibilities with regard to Internal Audit

The effective operation of internal audit relies upon all directors, managers and staff at the Council and its partners playing a full and co-operative part in the process. To achieve this, it is vital that the following responsibilities are accepted if the full benefits of the internal audit service are to be realised. These are:

- Strategic level involvement to inform the annual audit plan;
- Operational level involvement with individual audits;
- Being open and honest with audit staff;
- Making staff and records available when requested;
- Responding to draft audit reports in the agreed timescale;
- Confirming risks and providing details of actions to mitigate risks with timescales for implementation that are achievable; and
- Implementing the agreed actions (by the agreed date) arising from the audit.

## 11. Internal Audit Reporting (1 of 5)

All audit assignments will be subject to a formal report. At the end of the “audit fieldwork”, a draft report will be issued to the accountable manager for the activity under review, for the factual accuracy of the findings to be confirmed. The reports will identify any risks associated with the internal control environment and recommend actions to address any deficiencies. Reports will contain recommendations that are considered to be critical, high, medium or low risk or advisory.

# Internal Audit Reporting (2 of 5)

## Non-Schools audits:

Assessments will be based on the following criteria:

Note: the criteria should be treated as examples, not an exhaustive list. There may be other considerations based on context and auditor judgement.

Findings rating	Description
<b>Critical</b>  40 points per finding	Life threatening or multiple serious injuries or prolonged work place stress. Severe impact on morale & service performance. Mass strike actions etc Critical impact on the reputation or brand of the organisation which could threaten its future viability. Intense political and media scrutiny i.e. front-page headlines, TV. Possible criminal, or high profile, civil action against the Council, members or officers. Cessation of core activities, Strategies not consistent with government's agenda, trends show service is degraded. Failure of major Projects – elected Members & SMBs are required to intervene Major financial loss – Significant, material increase on project budget/cost. Statutory intervention triggered. Impact the whole Council; Critical breach in laws and regulations that could result in material fines or consequences
<b>High</b>  10 points per finding	Serious injuries or stressful experience requiring medical many workdays lost. Major impact on morale & performance of staff. Significant impact on the reputation or brand of the organisation; Scrutiny required by external agencies, regulators etc. Unfavourable external media coverage. Noticeable impact on public opinion Significant disruption of core activities. Key targets missed, some services compromised. Management action required to overcome med – term difficulties High financial loss Significant increase on project budget/cost. Service budgets exceeded. Significant breach in laws and regulations resulting in significant fines and consequences
<b>Medium</b>  3 points per finding	Injuries or stress level requiring some medical treatment, potentially some workdays lost. Some impact on morale & performance of staff. Moderate impact on the reputation or brand of the organisation; Scrutiny required by internal committees or internal audit to prevent escalation. Probable limited unfavourable media coverage. Significant short-term disruption of non-core activities. Standing Orders occasionally not complied with, or services do not fully meet needs. Service action will be required. Medium financial loss - Small increase on project budget/cost. Handled within the team. Moderate breach in laws and regulations resulting in fines and consequences
<b>Low</b>  1 point per finding	Minor injuries or stress with no workdays lost or minimal medical treatment. No impact on staff morale Internal Review, unlikely to have impact on the corporate image. Minor impact on the reputation of the organisation Minor errors in systems/operations or processes requiring action or minor delay without impact on overall schedule. Handled within normal day to day routines. Minimal financial loss – Minimal effect on project budget/cost. Minor breach in laws and regulations with limited consequences
<b>Advisory</b>  0 points per finding	An observation that would help to improve the system or process being reviewed or align it to good practice seen elsewhere. Does not require a formal management response.

# Internal Audit Reporting (3 of 5)

**Schools audits:**

Simplified descriptions are used within Schools audit reports as the issues that are typically raised in school audit reports do not correspond with the descriptions used for non-schools audits.

Note: the criteria should be treated as examples, not an exhaustive list. There may be other considerations based on context and auditor judgement.

Findings rating	Description
<b>Critical</b>  40 points per finding	Critical issue where action is considered imperative. Action to be effected immediately.
<b>High</b>  10 points per finding	Fundamental issue where action is considered imperative to ensure that the School is not exposed to high risks, also covers breaches of legislation and policies and procedures. Action to be effected within 1 to 3 months.
<b>Medium</b>  3 points per finding	Significant issue where action is considered necessary to avoid exposure to risk. Action to be effected within 3 to 6 months.
<b>Low</b>  1 point per finding	Issue that merits attention/where action is considered desirable. Action usually to be effected within 6 to 12 months.
<b>Advisory</b> 0 points per finding	An observation that would help to improve the system or process being reviewed or align it to good practice seen elsewhere. Does not require a formal management response.

# Internal Audit Reporting (4 of 5)

## Level of Assurance:

Level of assurance	Description
<b>No</b> 40 points or more	There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.
<b>Limited</b> 18– 39 points (non-schools) 20-39 (schools)	There are a number of significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are High recommendations indicating significant failings. Any Critical recommendations would need to be mitigated by significant strengths elsewhere.
<b>Reasonable</b> 7– 17 points (non-schools) 7-19* (schools)	<p>An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are Medium priority recommendations indicating weaknesses but these do not undermine the system's overall integrity. Any Critical recommendation will prevent this assessment, and any High recommendations would need to be mitigated by significant strengths elsewhere.</p> <p>*For schools audits the threshold for moving into Limited Assurance is higher (19 points as opposed to 17 points). This is because there are 17 different audit scope areas in a schools audit making it possible to accumulate a high number of points through Low priority findings. Our analysis of past reports has shown that this would lead to a disproportionate increase in the number of schools receiving a Limited Assurance rating under the points based system.</p>
<b>Substantial</b> ✓✓✓ 6 points or less	There is a sound control environment with risks to key service objectives being reasonably managed. Any deficiencies identified are not cause for major concern. Recommendations will normally only be Advice and Best Practice.



## Internal Audit Reporting (5 of 5)

Following a meeting to discuss the draft report and its risks/recommendations, (or a written response from the accountable manager) an action plan will be prepared and included in the final report.

It is the accountable manager's responsibility to confirm agreement to the reported risks and to agree to actions, or suggest alternatives, and timescales that are realistic and achievable.

The output of a 'consulting' activity under the PSIAS (see section 8) will be in the form of a management letter as opposed to an audit report. A summary of the management letters issued will be reported to the Audit Committee as part of the Internal Audit quarterly progress update, along with confirmation of how any potential independence threats have been managed. Where the consulting activity identifies a significant new issue further detail will be provided to the Audit Committee within the quarterly exceptions report.

When issuing all final reports, the Chair of the appropriate Theme Committee will be included on the distribution list to ensure they receive a timely overview of the relevant audit findings in their area.

All audit reports, once issued as final, will be made available on the Council's intranet to ensure that officers can readily access them.

All "Limited" or "No" assurance reports will be published on the Council's website.

For audit reports considered as 'Assurance' activities under the PSIAS (see section 8), when "Limited" or "No" assurance reports are initially reported, it is expected that an appropriate officer, at Assistant Director / Strategic Lead level or above, will attend the Audit Committee to answer any questions from Members. This requirement will not apply to: Schools audits; "Reasonable" assurance reports including one high priority recommendation; or when 'Consulting' activities are first reported.

For audit reports considered as either 'Assurance' or 'Consulting' activities under the PSIAS (see section 8), including Schools Audits, when critical or high priority recommendations are not implemented within the agreed timescales, it is expected that an appropriate officer, at Assistant Director / Strategic Lead level or above, will attend the Audit Committee to answer any questions from Members.

At the end of the financial year, the Head of Internal Audit prepares an Annual Report which includes an opinion, based on the internal audits carried out during the year, on the internal control environment. This is Internal Audit's contribution to the annual review of effectiveness of the control environment required by the Accounts and Audit (England) Regulations 2015. The Head of Internal Audit's opinion is used to support the Annual Governance Statement.



## 12. Liaison with other auditors and review agencies

Internal audit is involved in a wide range of internal and external relationships. The quality of these relationships will have a significant impact on the effective delivery of audit and review services to the Council. Effective relationships will maximise the scarce resources available and minimise disruption to audited services.

Officers within the Assurance Directorate work closely with Capita in line with an agreed protocol that both clarifies and puts in place practical arrangements around the relevant Audit, Fraud and Risk contract clauses in both the CSG and Re contracts. A protocol is also in place with the Barnet Group.

Internal auditors and external auditors have differing roles. Wherever possible, audits will be organised to provide sufficient assurance to the other set of auditors. Regular meetings will be held between the Head of Internal Audit and the Council's appointed external audit manager to discuss audit plans, joint working and other matters of mutual interest.

## 13. Quality and Improvement Programme

The Head of Internal Audit is responsible for developing a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated.

To comply with the PSIAS an external assessment will be carried out of the Internal Audit service at least once every five years. This external assessment will be undertaken as part of the London Borough Peer Review framework, with the Chief Executive and the Chair of the Audit Committee sponsoring the review.

The work of the service is also reviewed by the External Auditor as part of the annual accounts audit.

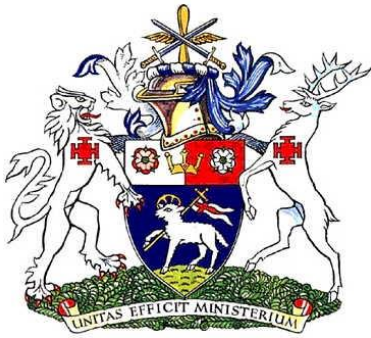
## Definitions

The Public Sector Internal Audit Standards (PSIAS) require the Internal Audit Charter to define the terms 'Board' and 'Senior Management' for the purposes of internal audit activity. The definition of Audit Committee has also been included for completeness. Internal Audit engagements being delivered under PSIAS (central government, local government, health) must include these definitions, tailored to the client as appropriate.

<p><b>Board</b></p>	<p>The highest level of governing body charged with the responsibility to direct and/or oversee the activities and management of the organisation. Throughout this document, the term 'Board' refers to the Council Management Team (CMT).</p>
<p><b>Audit Committee</b></p>	<p>The governance group charged with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting.</p>
<p><b>Senior Management</b></p>	<p>The individuals at the highest level of organisational management who have day-to-day responsibility for managing the organisation.</p> <p>Throughout this document, the term 'Senior Management' refers to Chief Executive, S151 Officer and Director of Assurance.</p>
<p><b>Chief Audit Executive</b></p>	<p>Chief Audit Executive describes a person in a senior position responsible for effectively managing the internal audit activity. The specific job title of the Chief Audit Executive may vary across organisations.</p> <p>Throughout this document, the term 'Chief Audit Executive' refers to Head of Internal Audit and this role is fulfilled by an officer with this job title, who sits within the Assurance Directorate.</p>

## Version control

Version	Date	Author(s)	Summary of Changes
V1	24 July 2013	Caroline Glitre, Head of Internal Audit	N/A
V2	30 April 2015	Caroline Glitre, Head of Internal Audit	<ul style="list-style-type: none"> <li>Expanded description of Advisory work (section 8)</li> <li>More explicit referral to how officers should notify Assurance Group on suspected or detected fraud (section 9)</li> <li>Description of reporting of Advisory work (section 11)</li> <li>Reference to protocols in place with Capita and the Barnet Group (section 12)</li> <li>Reference to the Quality and Improvement Programme (section 13)</li> </ul>
V3	08 July 2016	Clair Green, Assurance Assistant Director	<ul style="list-style-type: none"> <li>Amendment of risk rating criteria and confirmation of what is reported to Audit Committee (section 11)</li> </ul>
V4	20 March 2017	Caroline Glitre, Head of Internal Audit	<ul style="list-style-type: none"> <li>Updated to reflect the 2016 PSIA's (sections 2 and 3)</li> <li>Addition of Schools audit rating descriptions and scoring approach (section 11)</li> </ul>
V5	2 July 2018	Caroline Glitre, Head of Internal Audit	<ul style="list-style-type: none"> <li>Updated to reflect the 2017 PSIA's (section 4)</li> <li>Updated to confirm that the Chair of the appropriate Theme Committee will receive a copy of all audit reports, all reports will be published on the Council's intranet for staff to access and all "Limited" and "No" assurance reports will be published on the Council's website (section 11)</li> </ul>
V6	31 May 2021	Berniece Sarsah, Internal Audit Manager	<ul style="list-style-type: none"> <li>Additional Paras in Section 4: Organisational objectivity and independence of HIA</li> <li>Addition Paras in Section 11: Distribution and publishing of Final Audit Reports</li> </ul>



## Audit Committee

14 July 2021

<b>Title</b>	<b>Annual Internal Audit Opinion 2020-21</b>
<b>Report of</b>	Head of Internal Audit
<b>Wards</b>	Not applicable
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	Yes
<b>Enclosures</b>	Annual Internal Audit Opinion 2020-21
<b>Officer Contact Details</b>	Caroline Glitre, Head of Internal Audit <a href="mailto:caroline.glitre@barnet.gov.uk">caroline.glitre@barnet.gov.uk</a> 020 8359 3721
<b>Summary</b>	

Each year the work of Internal Audit is summarised to give an overall opinion on the system of internal control and corporate governance within the Council. This is a requirement of the Public Sector Internal Audit Standards (PSIAs).

The Opinion covers the internal audit work completed delivering the 2020/21 audit plan to 31 March 2021, including the work completed more recently to complete the audits that were delayed due to the COVID-19 response.

The four possible ratings that can be given are:

**Finding rating**

**No assurance**

**Limited assurance**

**Reasonable assurance**

**Substantial assurance**

**In 2020-21 the annual opinion overall is:**

**Reasonable assurance**

This is consistent with 2019/20 and an improvement on the previous two years, 2018/19 and 2017/18, when Limited Assurance was given.

Due to the impact of COVID-19 throughout the year ended 31 March 2021, and the Council's priority being the delivery of critical frontline services, there was an impact in managing and closing out the delivery of some reviews in the period, as it affected the availability of audit stakeholders and also led to the redeployment of Internal Audit staff to support the delivery of front line services. A number of reviews scheduled to be finalised by 31 March 2021 were therefore completed in Q1 2021/22.

CIPFA issued guidance on Head of Internal Audit Opinions for 2020/21 in light of the impact of COVID; I have considered this and whether a 'Limitation of Scope' is required to the Opinion. I do not consider this to be necessary.

The plan agreed by the Audit Committee in July 2020 has been continuously revisited to confirm that audit resources were being used in the most effective and efficient manner. By year end, we were able to report that we had delivered 82% of the planned work programme, against the usual target of 95%. The two key factors behind this performance were (a) that we 'lost' 300 audit days due to in-house staff being redeployed and (b) audit fieldwork has generally taken longer due to service areas prioritising their COVID response work. At the date of this report, the % delivered and therefore reflected within the Annual Opinion is 90%.

The opinion is based on the following key factors:

- In March 2020 Finance undertook a self-assessment of their financial control environment by comparing/mapping expected control processes ('principle questions') to control processes in operation in LBB finance systems. The exercise covered control processes across all key finance functions. It was agreed at the time that Internal Audit would undertake a review later in the year to assess whether the identified controls were operating as expected. This work has now been completed and, although the scope of the reviews differed to in previous years,

in general the direction of travel on all the Key Financial Systems audits was either positive or stable; no deteriorations were noted.

- The performance on implementation of audit actions has improved in 2020/21; we were able to confirm that for the actions followed up, 95% that were due had been implemented by year end. This is above the target of 90% and is an improvement on the previous year when the outturn was 76%.
- Internal Audit has continued to work closely with the Council's Corporate Anti-Fraud Team (CAFT) during the year. As part of their work in response to COVID, CAFT reviewed 10,514 applications for COVID-related support from businesses prior to grants being paid, with a total value of £87m. We assisted by reviewing new procedures as they were developed e.g. for the administration of these grants.
- As part of the ongoing Post-Payment Assurance work required by BEIS over COVID grants paid to businesses, we are documenting the 'three lines of defence' over the grants paid out and undertaking retrospective spot checks.
- We have undertaken separate data analysis of payments made during COVID and did not identify any fraud.
- Although not all areas showed improvement (e.g. the percentage of positive audit reports - those receiving an overall rating of either "substantial" or "reasonable" – decreased from the previous year (80% in 19/20 and 72% in 20/21), on balance I am comfortable that Reasonable Assurance is a fair reflection of the control environment in operation at the Council.

The key findings from our audits have been grouped into four themes in the Summary of Findings section:

- Financial control and fraud risk;
- Compliance / Policies & Procedures;
- Roles and responsibilities and staff training; and
- Oversight and governance arrangements.

Detail on each of these areas is included within the main report on an exception basis.

## **Recommendations**

- 1. That the Committee note the contents of the Annual Internal Audit Opinion 2020-21.**

### **1. WHY THIS REPORT IS NEEDED**

- 1.1** The Audit Committee's role in receiving this report is to note the overall assurance given and to focus on the improvement areas noted as themes for 2020-21. This is as per the approved Workplan of the Audit Committee.

### **2. REASONS FOR RECOMMENDATIONS**

2.1 As per the approved Workplan of the Audit Committee.

### **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

3.1 Not applicable.

### **4. POST DECISION IMPLEMENTATION**

4.1 Not applicable

### **5. IMPLICATIONS OF DECISION**

#### **5.1 Corporate Priorities and Performance**

5.1.1 All internal audit and CAFT planned activity in 2020-21 was aligned with the Council's objectives set out in the Corporate Plan 2019-24, and thus supported the delivery of those objectives by giving an auditor judgement on the effectiveness of the management of the risks associated with delivery of the service.

5.1.2 The Annual Internal Audit Opinion informs the Annual Governance Statement that is also presented to this Committee.

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

5.2.1 When risk, and assurances that those risks are being well managed, is analysed alongside finance and performance information it can provide management with the ability to measure value for money.

#### **5.3 Social Value**

5.3.1 Not applicable

#### **5.4 Legal and Constitutional References**

5.4.1 The Council also has a duty under section 3 of the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk. Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 requires 'an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts (England)'.

5.4.2 The Council's Constitution, Article 7 states that the Audit Committee should:



'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.'

## **5.5 Risk Management**

5.5.1 All Internal Audit activity is directed toward giving assurance about risk management within the areas examined. By so doing the aim is to help maximise the achievement of the Council's objectives. Internal Audit does this by identifying areas for improvement and agreeing actions to address the weaknesses.

5.5.2 Internal Audit work contributes to increasing awareness and understanding of risk and controls amongst managers and thus leads to improving management processes for securing more effective risk management.

## **5.6 Equalities and Diversity**

5.6.1 Effective systems of audit, internal control and corporate governance provide assurance on the effective allocation of resources and quality of service provision for the benefit of the entire community. Individual audits assess, as appropriate, the differential aspects on different groups of individuals to ensure compliance with the Council's duties under the 2010 Equality Act.

## **5.7 Corporate Parenting**

5.7.1 None in the context of this report.

## **5.8 Consultation and Engagement**

5.8.1 Not applicable

## **5.9 Insight**

5.9.1 Not applicable

## **6. BACKGROUND PAPERS**

6.8 [Audit Committee 28 April 2021](#) (Decision Item 10). – The Committee approved the Work Programme for July 2021 – February 2022, which included the Internal Audit Annual Opinion for inclusion at this meeting.

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# *The London Borough of Barnet*

## *Annual Internal Audit Opinion*

### *2020/2021*

*July 2021*

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# Executive summary (1 of 6)

## Introduction

This report outlines the internal audit work carried out for the year ended 31 March 2021. During the year, Internal Audit reports to the Audit Committee on an exception basis therefore by its nature the annual opinion summarises those exceptions and the work required to improve the control environment; there is less coverage of the positive content from the audits that have been completed, although the opinion does summarise examples of good practice noted.

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control (i.e. the organisation’s system of internal control).

This is achieved through a risk-based plan of work, agreed with management and approved by the Audit Committee, which should provide a reasonable level of assurance, subject to the inherent limitations described below and set out in Appendix 1. The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.

Internal audit work was performed in accordance with the Public Sector Internal Audit Standards 2017.

Due to the impact of COVID-19 throughout the year ended 31 March 2021, and the Council’s priority being the delivery of critical frontline services, there was an impact in managing and closing out the delivery of some reviews in the period, as it affected the availability of audit stakeholders and also led to the redeployment of Internal Audit staff to support the delivery of front line services. A number of reviews scheduled to be finalised by 31 March 2021 were therefore completed in Q1 2021/22.

## Head of Internal Audit opinion

I am satisfied that sufficient internal audit work has been undertaken to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control. In giving this opinion, it should be noted that assurance can never be absolute.

An explanation of the types of opinion that may be given can be found in Appendix 2.



## Executive summary (2 of 6)

### Opinion

Our opinion is as follows:

### Reasonable Assurance

Although some high risk rated weaknesses were identified in individual assignments these are broadly isolated to specific systems or processes.

Further improvements are required to improve the adequacy and effectiveness of governance and control compliance in particular areas.

Please see our Summary of Findings in Section 2.

*The impact of Covid-19 on all organisations has been significant and, for many, its full extent has not yet been determined. As such our opinion is subject to the identification of future issues arising from the emergency response to the pandemic.*

### Direction of travel

2019/20 annual opinion:

Reasonable Assurance



An explanation of the types of opinion that may be given can be found in Appendix 2.

### Basis of opinion

Our opinion is based on:

- All audits undertaken during the year.
- Any follow up action taken in respect of audits from previous periods.
- Where applicable, any significant recommendations not accepted by management and the resulting risks.
- The effects of any significant changes in the organisation’s objectives or systems.
- Any limitations which may have been placed on the scope or resources of internal audit.
- What proportion of the organisation’s audit needs have been covered to date.
- Consideration of third party assurances where available.

The commentary below provides the context for our opinion and together with the opinion should be read in its entirety.

### Commentary

- We completed 30 internal audit reviews and 11 schools audits during 2020/21. This identified 2 critical, 18 high, 79 medium and 28 low risk findings to improve weaknesses in the design of controls and/or their operating effectiveness.
- In March 2020 Finance undertook a self-assessment of their financial control environment by comparing/mapping expected control processes (‘principle questions’) to control processes in operation in LBB finance systems. The exercise covered control processes across all key finance functions. It was agreed at the time that Internal Audit would undertake a review later in the year to assess whether the identified controls were operating as expected. This work has now been completed and, although the scope of the reviews differed to in previous years, in general the direction of travel on all the Key Financial Systems audits was either positive or stable; no deteriorations were noted.
- Internal Audit has continued to work closely with the Council’s Corporate Anti-Fraud Team (CAFT) during the year. As part of their work in response to COVID, CAFT reviewed 10,514 applications for COVID-related support from businesses prior to grants being paid, with a total value of £87m. We assisted by reviewing new procedures as they were developed e.g. for the administration of these grants. CAFT’s work has continued to yield significant results, in spite of the challenges posed by COVID, and provides assurance that the Council has maintained its zero tolerance to fraud.
- During 2020/21, internal audit also undertook data analysis of payments made during COVID and did not identify any fraud.
- We have undertaken the assurance work required to date on COVID-related grants paid to the Council by central government, confirming that the grants have been spent in line with the grant conditions. Specifically: Test and Trace Service Support grant (£1.599m), Community Testing Funding Grant (£0.302m) and Emergency Active Travel grant (£0.100m).



## Executive summary (3 of 6)

### Commentary (continued)

- On Pensions, in previous years the service was under scrutiny from the Pensions Regulator. In 2020/21 pensions data and administration services were transferred from Capita to West Yorkshire Pension Fund and subsequent improvements in service delivery have been noted.
- The performance on implementation of audit actions has improved in 2020/21; we were able to confirm that for the actions followed up, 95% that were due had been implemented by year end. This is above the target of 90% and is an improvement on the previous year when the outturn was 76%.
- The percentage of positive audit reports - those receiving an overall rating of either “substantial” or “reasonable” – decreased from the previous year (80% in 19/20 and 72% in 20/21). However, the two years are not directly comparable due to the impact of COVID: fewer audits were completed (41 this year compared to 63 last year), the higher risk areas of the plan were prioritised and the number of audit reports receiving an assurance classification fell significantly in the year (50 in 19/20 and 25 in 20/21).
- Our schools audit programme for the year was decreased due to school closures during COVID-19 (11 audits were completed compared to 20 in 2019/20). Although overall the assurance ratings given to schools are less positive than last year, this is based on a smaller sample of schools which is also not a like-for-like comparison to the prior year; schools are audited on a cyclical basis and the prior period figures relate to different schools.
- Some familiar issues continued to be noted on reviews performed during the year, in particular relating to financial controls and their operating effectiveness within individual services. An example noted as part of the Housing Benefits review was that the BACs return resolution/reconciliation for Discretionary Housing payments is carried out monthly instead of weekly (manually) and there are no written processes for this. It was also noted that the reconciliation statements were not reviewed or signed by a senior officer before being passed to finance for necessary action. All of the actions agreed as a result of the Housing Benefits audit have since been confirmed as implemented.
- As in the previous year, governance and compliance issues were noted across a number of audits. We found that policy or procedure documents were not consistently in place or regularly updated, leading to examples of internal deadlines for activity not being met across the Council. An example noted as part of the Procurement - Contract Procedure Rules compliance review was that the Council’s Contracts Register provided to us during fieldwork did not hold an accurate record of all contracts £10k and above as required by Council policy. This is a repeat finding also made in a previous procurement audit.
- In the current year, a number of issues were noted relating to roles and responsibilities and staff training. An example noted as part of the Adults Safeguarding review was that at the time of the audit there was no single list of minimum training that should be completed by officers. We noted that whilst attendance lists for training were kept and retained on file, there was no single record of staff attendance at training courses and that there was a lack of detective controls to alert management when training requirements had not been met. We noted that 70% of staff at that time within Adults and Health had not completed the mandatory Safeguarding Level 1 eLearning.
- The key findings from our audits have been grouped into four themes in the Summary of Findings section:
  - Financial control and fraud risk
  - Compliance / Policies & Procedures
  - Roles and responsibilities and staff training
  - Oversight and governance arrangements.

## Executive Summary – Other issues and sources of Assurance (4 of 6)

### COVID-19

#### Impact on delivery of the 2020/21 Internal Audit plan

During 2020/21, delivery of the Internal Audit plan was directly impacted by the COVID pandemic. Internal Audit staff were redeployed and engagement in audits was more complicated due to services' need to prioritise their work on the COVID-19 response.

The plan agreed by the Audit Committee in July 2020 has been continuously revisited to confirm that audit resources were being used in the most effective and efficient manner. By year end, we were able to report that we had delivered 82%\* of the planned work programme, against the usual target of 95%. The two key factors behind this performance were (a) that we 'lost' 300 audit days due to in-house staff being redeployed and (b) audit fieldwork has generally taken longer due to service areas prioritising their COVID response work. At the date of this report, the % delivered and therefore reflected within the Annual Opinion is 90%.

#### Background and initial response

The UK was put into lockdown on 23 March 2020 in response to the COVID-19 pandemic. At an organisation and system level, the Council and its health and care partners have had to continually learn, test, adapt and respond to the emergent evidence about of the nature of the virus and its impact on both the population and care services (including in the voluntary and community sector) and to the evolving requirements and directions of central government. This challenge has required the Council and partners to work in different ways to support care and to ensure the safety of residents and of staff, including for many through remote or virtual working. The Council has continually adapted local responses to minimise the negative impacts of Covid-19 and to address the interventions needed to reduce its spread. To meet the many challenges posed by Covid-19, emergency governance arrangements were adopted.

A process mapping exercise was undertaken for all of the COVID response workstreams to ensure that lessons were learnt and captured to inform any future 'waves' of the pandemic. This included but was not limited to: the Community Response and Shielded List; Enforcement; Staff Redeployment; Excess Death Planning; Community Testing and Vaccination; Business Grants and Support; IT to support working from home and Business Continuity; Estates and making buildings COVID-secure; HR and Health, Safety & Wellbeing of Staff; and the move to Virtual Committee meetings.

\* The % delivered figure is calculated based on the stage each audit has reached at a given point in time:

Work in progress is incorporated as follows:

<b>Not Started</b>	<b>0%</b>
<b>Planning</b>	<b>20%</b>
<b>Fieldwork</b>	<b>50%</b>
<b>Draft Report</b>	<b>90%</b>
<b>Complete</b>	<b>100%</b>



## Executive Summary – Other issues and sources of Assurance (5 of 6)

### COVID-19 continued

#### COVID-19 recovery priorities

With the country now emerging from the worst of the health emergency, and whilst still delivering critical and essential services, Barnet has also turned attention to Local Outbreak Control and Recovery Planning. Therefore, as lockdown is eased, some restrictions are lifted and various aspects of life return to normal, there is inevitably an increased risk of a resurgence of Covid-19. Prevention will continue to be key to the Council's approach during this next phase, with a focus on supporting everyone who lives, works and visits Barnet to put in place the necessary measures and adopt those behaviours that are necessary to keep everyone safe. To do this Barnet has created its Local Outbreak Control Plan for COVID-19 infection. The plan is designed to be a live and iterative document and will be regularly updated, as further evidence emerges. The main aims of the Plan are to:

- Build on the existing plans to prevent and manage outbreaks in specific settings;
- Ensure the challenges of COVID-19 are understood;
- Consider the impact on local communities; and
- Ensure the wider system works together to contain the spread of infection locally.

The 2021/22 Internal Audit Plan will continue to consider how key risks arising from COVID-19 are being managed through the internal audits performed.

#### Other sources of Assurance

- Governance - During the year there has been continued press coverage of a number of high profile governance failings at other authorities (e.g. Croydon, Northamptonshire, Liverpool, Slough). These are being considered by the Council as part of a Governance and Risk review. Actions plans will be put in place to ensure that the failings identified are not at risk of emerging in Barnet, including continued monitoring of a 'S114 traffic light' report around financial resilience.
- Data Analytics: As part of the 2020/21 plan agreed at the Audit Committee in July, we committed to undertaking analysis of transactions made after controls were adapted or relaxed in response to the COVID crisis. This work was split into two phases, with the first phase looking at Emergency Payments and Purchase Card payments and the second phase looking at Accounts Payable, Contractor Spend and Revenue Assurance. We have not identified any potential fraudulent transactions, however we have made a number of process improvement recommendations to finance as a result of this work.
- As part of the ongoing Post-Payment Assurance work required by BEIS over COVID grants paid to businesses, we are documenting the 'three lines of defence' over the grants paid out and undertaking retrospective spot checks. There is more detail on the extensive pre-payment checks completed by the Council within the CAFT slides of the opinion.
- Family Services completed an annual self-assessment which was discussed with Ofsted in November as part of the 'Annual Conversations' on Education and Social Care.

## Executive summary (6 of 6)

### Other sources of Assurance (cont)

- Internal Controls Board: this has continued to meet on a monthly basis during the year, with Internal Audit setting the agenda and calling people to attend if audit recommendations have not been implemented as agreed. It is also an opportunity for regular engagement between Internal Audit and senior stakeholders, particularly in Finance, CSG and Re.

### Implications for next year's plan

The Institute of Internal Audit (IIA) commented in August 2020 that 'The need for an annual plan has diminished, internal audit needs to be responsive to stakeholder requirements and requests from across the business. By putting a 12-month plan in place, we end up making so many changes to it that at the end of the 12-months it bears no resemblance to the 12-month plan at the beginning of the year'.

Therefore, we are taking a more flexible approach to the 2021/22 operational plan. Instead of presenting a programme of work for the entire year, which may well be subject to change as the COVID situation evolves, we are presenting a provisional plan for the first 6 months. This will be revisited on a quarterly basis and an indicative plan for Q3 and Q4 will be presented to the Audit Committee at the end of Q2.

The indicative plan for the first 6 months incorporates:

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

We have also included contingency days in the plan to enable us to be responsive to changes in risks throughout the period, respond to the uncertain situation as it evolves, offering responsive advice and support to other services when they need it.

### Internal Audit Quality Assurance and Improvement Programme

A summary of performance and a self-assessment against the Public Sector Internal Audit Standards can be found at Appendix 4.

### Acknowledgement

We would like to take this opportunity to thank the Council and its partners, including Customer Support Group (CSG) and Re staff, for their cooperation and assistance provided during the year.

## Summary of findings - Good practice (1 of 6)

### Internal Audit – Good Practice

Internal Audit identified a number of areas where few weaknesses were identified and/or areas of good practice. These include the following Substantial Assurance audit reports and Reasonable Assurance reports with a low number of findings.

#### Examples noted in the course of our testing

**Decision Making Framework – Compliance:** In accordance with Article 9 of the Constitution, Chief Officers (Deputy Chief Executive, Executive Directors for Adults, Children and Environment, Director of Finance and Director of Assurance) have delegated powers in respect of all matters which are not key decisions and not reserved for decision by committees or the full Council. Out of a sample of 26 Chief Officer Decisions from the 2019 calendar year, we found that for all 26 decisions, all documentation had been completed, filed and appropriately authorised.

**Finance Global Design Principles (FGDP) - Budget Monitoring:** We tested a sample of 10 capital virements for correct authorisation in terms of the Financial Regulations, noting that all 10 were approved/authorised in line with the Financial Regulations.

**Finance Global Design Principles (FGDP) – Fixed Assets:** We were able to report a sound control environment for ensuring the accuracy of fixed asset processing in the fixed asset register and Integra (the Council's Finance system), in the main, through: i) reconciliations between the fixed asset register and Integra; ii) reconciliations between the fixed asset register and fixed asset data in other systems (QL (Housing) and Atrium (Estates)); and iii) sound communication arrangements between Council Finance and Estates, Barnet Homes (Council House dwellings), Legal and Finance Business Partners for identifying acquisitions and disposals for inclusion in the accounts.

**Recycling and Waste - Health and Safety:** Reporting by the Safety, Health and Wellbeing as part of the Council's Corporate Service confirmed that while incidents were reported for Recycling and Waste for the periods Q4 (19-20) and Q1 (20-21), there were no RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences (at work) Regulations) incidents reported, which was a positive outcome, confirming safe working practices being followed by Recycling and Waste staff.

**Barnet Group - Governance arrangements:** Overall, it is apparent from the documentation reviewed that there are good governance mechanisms being put in place. The transition of more responsibility to the Barnet Group has been thought through but there are some gaps and inconsistencies which need to be addressed within the documentation and some areas of best practise to be adopted.

## Summary of findings (2 of 6)

A summary of key findings from our programme of internal audit work for the year is recorded in the table below. These summaries reflect the position at the time of each audit. As part of the audit follow-up process (see Section 5 – ‘Follow up work conducted’), the implementation of the required actions is monitored and in the majority of cases it has been confirmed that the corrective action has now been taken to strengthen the control environment. Where audit has not yet completed this work, management have confirmed that the required actions have either been completed or are underway.

### 1) Financial control and fraud risk

The Plan included a number of audits which sought to gain comfort over the financial controls and their operating effectiveness within individual Services. Our audit results indicate that there has been improvement since the prior year but some recurrent themes remain, for example: lack of adequate audit trail to support the operation of controls; lack of compliance with key controls and processes; authorisation processes; and clarity over key financial controls and processes.

#### Examples noted in the course of our testing

**Housing Benefits:** It was identified that the BACs return resolution/reconciliation for Discretionary Housing payments is carried out monthly instead of weekly (manually) and there are no written processes for this. Reconciliation statements were not reviewed or signed by a senior officer before being passed to finance for necessary action. We observed that access to the fraud reporting electronic register is not restricted. There is a risk that unauthorised changes are made to the spreadsheet. We also identified that potential council tax fraud detected from the NFI reports are not forwarded to the CAFT team for action; neither is there any evidence to establish that overpayments above £2,000 are referred to the DWP.

**Procurement - Contract Procedure Rules (CPR) compliance:** Clarity was needed on when financial assessments of suppliers was required, for example, where spot contracts were awarded outside approved lists as opposed to more complex procurements involving the financial evaluation of many tenders. The CPR also allocated some responsibility for financial assessment to CSG Procurement who opined that all financial evaluation should be done by Council Finance as they were the experts in this area.

**Finance Global Design Principles (FGDP) – Accounts Receivable:** Issues were noted in relation to credit note processing. We found 214 cases of unallocated credit notes of a total sum of £678,899. 23/214 (10.7%) of these unallocated credit notes have been outstanding for over three years. It was also identified that there is no limit set up on the system relevant to the Manager’s approval limit set up in the delegation of authority. Issues were also noted around systems interfaces. We established within our sample that 2/15 (13%) of the refunds tested were not fully allocated to the invoices. We also established that the invoicing system and the refund systems are not linked together by an interface. We also noted that the customer master files are not replicated in other systems as there is no interface (for e.g. Mosaic, GL Feeder systems).

**Finance Global Design Principles (FGDP) – Accounts Payable:** It was noted that in 1/13 instances a dual authorisation form was not completed for a purchase order above £1m as required by the “Dual Authorisation for Payments over £1m process note. In addition, defined checks are required to be completed for new suppliers or when supplier details are changed. In 5/24 instances web searches were not completed and the supplier was not contacted for supplier name and supplier contact detail changes.

## Summary of findings (3 of 6)

### 1) Financial control and Fraud risk continued

#### Examples noted in the course of our testing

**Finance Global Design Principles (FGDP) – Non-Schools Payroll:** The audit found that whilst there is an overpayment policy in place, it requires more joined-up working between CSG Payroll and Council Finance to ensure all overpayments are captured appropriately and all processes, including the issuance of overpayment letters and the identification of leavers, who have been overpaid, are documented and adhered to. Issues were also noted relating to document retention as Capita switched from using a Customer Relationship Management system (CRM) to Oracle Service Cloud (OSC) in the year. Several documents archived in CRM pertaining to the current financial year were inaccessible and there was a lack of audit evidence to validate areas of testing.

**Finance Global Design Principles (FGDP) – General Ledger:** Issues around accuracy on the Integra Chart were evidenced. We established that the master files of the Financial Systems and Controls are not automatically replicated on other systems as expected to reduce manual update of records in other systems, the systems are not synchronised as each of them work and exist in isolation. In addition, we found that there is no regular mechanism in place to examine the Chart of Accounts.

**Finance Global Design Principles (FGDP) – Cash and Bank:** It was noted that the Council's bank account listing and Council's bank authorised signatory list were not fully up to date. The new Pension Fund contributions bank account was not reflected on the bank account listing. Four Council-controlled bank accounts did not appear on the bank authorised signatory list and we noted eight instances where the bank authorised signatory listing referred to officers who did not work at the Council. It was also identified that access to the Council's Integra Cash Management module was not restricted to those officers requiring access strictly in line with their cash and bank related roles.

## Summary of findings (4 of 6)

### 2) Compliance / Policies and procedures

In a number of areas including some key financial systems, we noted that policies and procedures were not consistently in place or regularly updated. In addition, the quality of key documents was often below expectation. As a basic pillar of a functioning control framework, this indicates that the control environment is not being regularly reviewed and updated to mirror changes in local or statutory approaches to service delivery, increasing the level of risk exposure for the Council. Further, there were examples noted where policies and procedures had not been followed by senior staff members, indicating issues within the control environment and a lack of understanding of how processes work.

#### Examples noted in the course of our testing

**Procurement - Contract Procedure Rules (CPR) compliance:** The Council's Contracts Register provided to us during fieldwork did not hold an accurate record of all contracts £10k and above as required by Council policy. This is a repeat finding also made in a previous procurement audit. In addition, the completion of Procurement Declaration of Interest (PDI) forms was inconsistent across Services, confirming a need to remind Services of this requirement, for example through procurement training. We found in three separate cases we tested that PDI forms were also not completed for lower value procurements.

**Recycling and Waste - Health and Safety:** Recycling and Waste frontline staff are required to sign the Induction checklist – on which all relevant health and safety procedures are recorded – to confirm that they have read stated procedures/risk assessments. There was no evidence that 2/10 (20%) of our sample of Recycling and Waste frontline staff (drivers) had reviewed the required procedures / risk assessment. We also found that the Driver Induction List was not up to date with all relevant procedures. There were two relevant procedure documents/risk assessments provided to us for review which were not reflected on the Driver Induction list, demonstrating a need for their review and update.

**Land Charges - Review of Planning Data Controls and Policies:** We found instances of inaccurate, incomplete, invalid and duplicated data within Uniform; the system used to process planning applications. During process walkthroughs we were shown examples of property coordinates (polygons) either overlapping each other, drawn on incorrect addresses or entirely missing.

**Housing Benefits:** It was identified that a number of policies had not been reviewed and revised in accordance with the Council's policy. Management subsequently informed us that these had been updated; however, staff had access to old versions as they had not been removed from circulation. It was also identified that a schedule of updated policies and procedures were not maintained for easy information processing.

**Adults Safeguarding:** The Adults and Health directorate have signed up to the London Multi Agency Adults Safeguarding Policies and Procedures. We noted that the document was draft and had not been formally issued. Management confirmed that the document is a working document to show current arrangements.

**Finance Global Design Principles (FGDP) – Accounts Payable:** It was noted within that an update is required to the Children's Scheme of delegation to clarify the financial limits; and an update is also required to the list of manual upload approvers to reflect the £1m authorisation limit associated with the Director of Adult Social Care.

## Summary of findings (5 of 6)

### 3) Roles and responsibilities and staff training

A key recurring theme across audits conducted was that roles, responsibilities and reporting lines were not consistently defined or understood, and that training for staff was not consistently provided. This can lead to gaps in delivery and oversight, which may result in the duplication of tasks, or gaps in the key processes, as well as the performance of the service not being exposed to sufficient scrutiny and therefore outcomes may not be maximised.

#### Examples noted in the course of our testing

**Land Charges - Review of Planning Data Controls and Policies:** We found multiple instances of undefined roles and responsibilities when processing data within Uniform where data ownership shifts between different parts of the business and it is not clear who is responsible for quality control at different points of the process. Additionally, due to the lack of confidence in the data quality within the Uniform system, the Land Charges team perform manual workarounds such as manually checking outputs of the Total Land Charges (TLC) system to ensure it matches what is held within Uniform, and relying on spreadsheets being sent to them regarding road adoptions which they use to populate the Local Land Charges report.

**Adults Safeguarding:** We noted that currently there is no single list of minimum training that should be completed by officers. We noted that whilst attendance lists for training were kept and retained on file, there was no single record of staff attendance at training courses and that there was a lack of detective controls to alert management when training requirements had not been met. We asked for training records for the number of officers who had completed the Safeguarding Level 1 eLearning, a mandatory training requirement. We noted that approximately 70% of the current staff within Adults and Health had not completed the training.

**Recycling and Waste - Health and Safety:** We found instances where Recycling and Waste staff had not attended the required H&S training. The list of drivers provided to us by the Street Scene Transport Service included 19 drivers (over a third of the crew) who were not on the training matrix and so potentially had been excluded from Health and Safety training.

**Procurement - Contract Procedure Rules (CPR) compliance:** Formal training based on Service requests was offered by CSG Procurement, however take-up of the training by Service areas was minimal. CSG Procurement indicated that minimal requests for training were received. Training covered all aspects of the procurement process. 7/13 officers interviewed during fieldwork could not recall attending face to face training.

**Housing Benefits:** The fraud detecting/reporting team have not had any training from CAFT or any other external body recently to facilitate undertaking their responsibilities. The last training session was in 2017.



## Summary of findings (6 of 6)

### 4) Oversight and governance arrangements

A key recurring theme across audits conducted was that governance arrangements were not in place or consistently defined. Appropriate governance arrangements are important as they play a key role in mitigating risks in the control environment.

#### Examples noted in the course of our testing

**Pensions Administration Governance Transition:** No data improvement plan has been agreed to address the backlog which will be inherited by West Yorkshire Pension Fund, or to improve the quality and completeness of member data post transition. In addition, the project and subsequent project reporting does not consider the necessary improvements required to the pension administration provision and key interdependencies.

**Cambridge Education Assurance Mapping:** We noted there is a lack of third line of defence regarding the Education Welfare Service and second line depends on several KPIs. Similarly, there is no third line of defence relating to the Post 16 Education and Skills Service.

**Procurement - Contract Procedure Rules (CPR) compliance:** Arrangements were unclear for monitoring procurement exercises which may have been managed by Re for Barnet's account, for example as part of Special Project Initiation Requests (SPIRs). We had not been provided with any evidence of any strategic oversight of such procurements managed by Re, for example, by the Procurement Board.

**Recycling and Waste - Health and Safety:** We reviewed Health and Safety Key Performance Indicator (KPI) / PI reporting such as "Number of Full Time Equivalent (FTE) days lost owing to incidents/accidents" for Health and Safety performance reporting. We found there were no KPIs in place or reporting of performance as expected, for example days lost due to incidents / accidents. Street Scene management indicated that the development of KPIs and related reporting was in progress. The development of all Health and Safety KPIs would be progressed via the Street Scene Health & Safety Working Group.

**Barnet Group - Governance arrangements:** It was noted that the intended governance structure does not have formalised reporting and escalation routes between the Barnet Group Strategic Review ('the Strategic Group') and the Barnet Group's Governance Structures (i.e. Barnet Group Boards). On general review of the documents it was noted that there was no evidence of where the Barnet Group Strategic Review or the Barnet Group's Boards would publish their agendas, minutes and annual reports. In addition, from the documents inspected we could not determine if the Strategic Group and the Barnet Group's Boards would be included within the Council's annual governance statement.



## Internal audit work conducted (1 of 4)

We completed 30 non-schools audits and advisory reviews in the year ending 31 March 2021. The table below sets out the results of our internal audit work and implications for next year's plan. This is followed by a summary of the direction of travel shown.

### Results of individual assignments - Limited Assurance

Review	Report classification	Number of findings				
		Critical	High	Medium	Low	Advisory
Housing Benefits	Limited	-	-	7	2	-
Land Charges – Review of Planning Data Controls and Policies	Limited	-	2	-	-	-
Procurement - Compliance with Contract Procedure Rules (CPRs)	Limited	-	1	8	-	-
Finance Global Design Principles (FGDP) - Accounts Receivable	Limited	-	1	3	-	-
<b>Total</b>	<b>4</b>	<b>-</b>	<b>4</b>	<b>18</b>	<b>2</b>	<b>-</b>

### Results of individual assignments - Reasonable Assurance / Partially Implemented

Review	Report classification	Number of findings				
		Critical	High	Medium	Low	Advisory
Adults Restructure - Strategic Risk around Safeguarding	Reasonable	-	1	2	-	1
Waste - Health & Safety	Reasonable	-	1	2	-	-
Finance Global Design Principles (FGDP) - General Ledger	Reasonable	-	-	2	3	-
Finance Global Design Principles (FGDP) - Accounts Payable	Reasonable	-	-	3	-	1
Finance Global Design Principles (FGDP) - Cash and Bank	Reasonable	-	-	4	-	-
Finance Global Design Principles (FGDP) - Non-Schools Payroll	Reasonable	-	-	2	1	-
Regulation of Investigatory Powers Act (RIPA) 2000: Compliance with IPCO Report	Partially Implemented	-	-	-	-	-
<b>Total</b>	<b>7</b>	<b>-</b>	<b>2</b>	<b>15</b>	<b>4</b>	<b>2</b>

### Results of individual assignments – Substantial Assurance

Review	Report classification	Number of findings				
		Critical	High	Medium	Low	Advisory
Decision making framework – compliance	Substantial	-	-	-	1	-
Finance Global Design Principles (FGDP) - Budget Monitoring	Substantial	-	-	1	-	-
Finance Global Design Principles (FGDP) - Fixed Assets	Substantial	-	-	2	-	-
<b>Total</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>1</b>	<b>-</b>

## Internal audit work conducted (2 of 4)

### Results of individual assignments – No Report Classification

Review	Report classification	Number of findings				
		Critical	High	Medium	Low	Advisory
Cambridge Education Assurance Mapping	N/A	-	-	1	-	2
Pensions Administration Governance Transition	N/A	-	4	4	2	-
COVID 19 Response and Recovery - Realtime Transaction Analysis (Phase 1)	N/A	Associated actions agreed				
<b>Total</b>	<b>3</b>	<b>-</b>	<b>4</b>	<b>5</b>	<b>2</b>	<b>2</b>

### Results of individual assignments – Claim and Grant Verification

Review	Report classification	Number of findings				
		Critical	High	Medium	Low	Advisory
Community Testing Funding Grant	Claim verified	Compliance audit – ratings not assigned				
Test and Trace Service Support grant	Claim verified	Compliance audit – ratings not assigned				
Emergency Active Travel Grant	Claim verified	Compliance audit – ratings not assigned				
Disabled Facilities Grant 2018/19	Claim verified	Compliance audit – ratings not assigned				
Disabled Facilities Grant 2019/20	Claim verified	Compliance audit – ratings not assigned				
Local Bus Subsidy Grant	Claim verified	Compliance audit – ratings not assigned				
Troubled Families - PBR Q1	Claim verified	Compliance audit – ratings not assigned				
Troubled Families - PBR Q2	Claim verified	Compliance audit – ratings not assigned				
Troubled Families - PBR Q3	Claim verified	Compliance audit – ratings not assigned				
Troubled Families - PBR Q4	Claim verified	Compliance audit – ratings not assigned				
Troubled Families - 2019/20 Q4	Claim verified	Compliance audit – ratings not assigned				
<b>Total</b>	<b>11</b>					

### Results of individual assignments – Management Letters

Review	Report classification	Number of findings				
		Critical	High	Medium	Low	Advisory
18-25s Budget Service Review	Management letter issued	Associated actions agreed				
Barnet Group - Contractual/Governance arrangements - Advisory	Management letter issued	Associated actions agreed				
<b>Total</b>	<b>2</b>					

## Internal audit work conducted (3 of 4)

### *2020/21 audits not yet completed and pending classification*





A number of reviews scheduled to be finalised by 31 March 2021 are still being completed. These findings will be included in the 2021/22 opinion and have not been included in the analysis of internal audit work conducted in 2020/21.

Ongoing reviews 20/21
COVID 19 Response and Recovery - Realtime Transaction Analysis (Phase 2)
Integra Issue Management
COVID19 Business Grants – Post Payment Assurance
Pension Transition Follow-up
Agency Staff
Construction (Design & Management) Regulations
Brent Cross Regeneration Project
Estates Compliance
Private Residential Blocks – Fire Safety
Land Charges Follow-Up
Project Management Toolkit – Advisory Review
Direct Payments – Data Analysis
Barnet Education & Learning Services (BELS) Governance arrangements
Managing Systems Access Rights - Controcc
Parking - PCN Cancellations
Premises Licensing and Gambling
Equalities Diversity and Inclusion
Adults Debt Recovery

## Internal audit work conducted – Summary (4 of 4)

### Direction of travel

The following page shows direction of control travel:

Report rating	Trend between current and prior year	Number of reports		
		2020//21	2019/20	2018/19
Substantial		3 (21%)	3 (10%)	2 (8%)
Reasonable		7 (50%)	21 (70%)	16 (67%)
Limited		4 (29%)	5 (17%)	4 (17%)
No assurance		0 (0%)	1 (3%)	2 (8%)
Advisory / NA	N/A	16 (N/A – not rated)	13 (N/A – not rated)	17 (N/A – not rated)
<b>Total</b>		30	43	41

There were two individual assignments with no report classification, where risks were identified. It is noted that for one of these reviews, Pensions Administration Governance Transition, four high risk findings were noted. Appropriate management actions were agreed, and a 'Pension Transition Follow-up' review commenced in April 2021 to follow-up on the implementation of these actions. No significant risks were raised in the other individual assignments with no report classification.

There has been an increase in the number of advisory reviews carried out in 2020/21 in comparison with 2019/20. If we followed the approach used in the 2018/19 annual opinion, which included advisory and compliance reviews in the breakdown by percentage of report ratings, this would distort the trend analysis. To avoid this, advisory pieces reported on through management letters and compliance audits have been excluded from the analysis above for the purposes of calculating the percentage of audits with a given rating. The prior year percentages have been recalculated on the same basis to ensure comparability.

## Internal Audit work conducted – Added Value (5 of 5)

### Added Value

In addition to providing risk-rated assurance reports and management letters, Internal Audit has also provided the following value adding activities:

- Internal Audit COVID response – Internal Audit reviewed new procedures as they were developed e.g. administration of business grants. As part of the response to COVID-19, four members of the Internal Audit team were redeployed to the Essential Supplies Hub to help with the distribution of food packages to those in need within the Borough. Alongside operational work, informal advice was given on the controls in operation at the Hub. Two members of the team were redeployed to support the Community Help Hub, responding to queries and calls for urgent support from residents.
- Cross Council Assurances Service (CCAS) – The Internal Audit team is a lead participant for CCAS and regularly attends Governance Group and Networking Day meetings. Our first Networking Day was held in November 2020 and covered COVID-19, the role of Internal Audit and Unconscious Bias training, and the second Networking Day was held in May 2021 and was extended to include Counter Fraud, with topics including Counter Fraud, and Environmental, Social and Governance (ESG) in Internal Audit. The Internal Audit team works closely with other member boroughs to harmonise working practices and templates and share good practice in local government internal audit. In 2020/21, London Borough of Barnet was the Lead Borough for the Framework and received income of 1% of the value of work going through the Framework nationally. By 31 March 2021, 30 organisations had signed up to the Framework. Looking ahead to 2021/22, three workstreams have been agreed as part of the overall CCAS Vision, and will cover Technology – Real Time Assurance (the use of technology and approaches such as AI, Bots and Continuous Monitoring to provide more real time assurance), Internal Audit Pathway (helping to shape and deliver a cross CCAS programme for recruiting and developing the next generation of internal auditors), and Exploring alternative methodologies (for instance, including agile internal audit).
- Chartered Institute of Internal Auditors Audit and Risk Awards – our Head of Internal Audit has been nominated for the Inspirational Leader category.
- Duplicate payments – we raised an audit recommendation in October 2019 around utilising AP Forensics software to identify potential duplicate payments. We persevered with following this up and didn't let go of the expectation that finance / Capita deliver this. A historic report was eventually run and in July 2020 it was confirmed to audit there were £220k of duplicates that AP were in the process of recovering.
- We have had numerous requests for ad hoc advice during the year, for example: Bulk vendor creation associated with the urgent move of Wirecard holders to prepaid service PFS (Adults and Family Services Finance teams); Adults replacing imprest cash accounts with pre-paid cards; Finance de-activating suppliers in Integra following identification of duplicate suppliers by AP Forensics; Removal of purchasing groups for requisitioners in Integra; Schools distributing COVID Winter Grants to parents via the 'Wonde' system; changes to the API Exemption list and related documentation.
- Emergency Planning BECC – Internal Audit Manager is a member of the emergency response team.
- Summary reports - Internal Audit's summary report for Schools, included in the Schools Circular, helps to contribute to various improvements, including: helping to identify potential areas of risk or opportunities; helping school governors to better understand the need for appropriate oversight; and helping Council services assess the appropriate level of support and guidance required for schools in the areas where concerns have been identified.

## Corporate Anti-Fraud Team (CAFT) work conducted (1 of 3)

### Corporate Anti-Fraud Team

This last year has been subject to the working conditions brought about by the Covid-19 pandemic, which saw CAFT officers work from home and, for large parts of the year, being unable to carry out formal PACE interviews, take witness statements or visit suspected offenders in their home addresses. Because of this CAFT has had to carry out more “desk based” investigations and duties and modify the way it works to engage with the members of the public. In addition to this the UK Courts suspended cases being heard and prioritised only the most serious cases where hearings were essential.

From Mid-July most CAFT officers were redeployed to support the high visibility Covid-19 Enforcement street patrols to assist with monitoring, evidencing and enforcing the new Coronavirus Act in relation to new trading rules brought in for businesses in the borough.

**Despite these** challenges the **Corporate Fraud Team** investigated **119** cases of alleged fraud.

During the year 2020/21 Barnet has also been 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 have 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**

The **Concessionary Travel Fraud** Team has investigated **225** cases of alleged Blue Badge misuse as well as Blue Badge and parking permits fraud as well as fraudulent appeals relating to penalty charge notices (PCNs). Of these, **1** case was successfully prosecuted at Magistrates court. A further **31** cases also concluded in Warning letters being sent to the Badge Holders as well as the offenders. There are many cases that are currently waiting for covid regulations to be relaxed so that formal interviews and legal actions can resume.

The **Tenancy Fraud team** has particularly had to work in challenging conditions this year, it has investigated **490** cases of alleged Tenancy Fraud. They were responsible for recovering **3** properties and preventing **2** Right to Buy applications due to the applicants not being eligible to purchase under the scheme. In addition to this Tenancy fraud officers prevented **1** new housing application that were submitted by persons who were not eligible to be housed. There are many cases that are currently waiting for covid regulations to be relaxed so that formal interviews and legal actions can resume.

Please see below for financial awards for the Corporate Anti-Fraud team.

Financial Investigations	2020/21	2019/20
Proceeds of Crime recovery amounts received	£460,500	£2,313,388
Amount allocated to prosecuting authority (LBB)	£165,994	£1,857,421
LBB amount	£57,124.99	£158,283
Re amount	£24,824.99	£1,515,518

Under the Governments incentivisation scheme funds confiscated from criminals are shared as follows:

- 50% is allocated to the treasury
- 12.5% is allocated to the courts
- 1% is taken by the asset recovery
- 36.5% is allocated to the investigating and prosecuting authority

## Corporate Anti-Fraud Team (CAFT) work conducted (2 of 3)

### Corporate Anti-Fraud Team

These tables show the successful outcomes by the Corporate Anti-Fraud Team:

#### Corporate Fraud

	2020/21	2019/20
Number of cases dealt with	118	102
Number of cases closed	69	75
Number of staff no longer employed/ dismissed as a result of CAFT investigation	2	2
Number of on going investigations	49	27

#### Disabled Blue Badge Misuse and Fraud

	2020/21	2019/20
Number of cases dealt with	225	347
Number of cases closed after successful prosecution	1	37
Number of cases closed with Cautions being Administered	0	74
Number of cases closed with a warning letter sent to badge holder or misuser	32	94
Number of cases closed fraud proven but no further action taken	0	4
Number of cases closed referred to police/HR	1	1
Number of cases closed due to insufficient evidence	43	56
Cases closed, No Fraud	60	7
Number of on going investigations	88	74

#### Financial Investigations

	2020/21	2019/20
Number of cases dealt with	29	29
Number of closed Financial Investigations	14	3
Number of on going investigations	15	26

#### Tenancy Fraud

	2020/21	2019/20
Number of cases dealt with	490	496
Number of cases closed property recovered	3	34
Number of Tenancy cases closed no fraud	226	219
Number of Housing Applications refused because of CAFT verification process	2	5
Number of mutual exchanges/ assignments prevented and refused	0	2
Number of Right to Buy cases closed due to application being denied	2	27
Number of Right to Buy closed -validated	117	127
Number of on going investigations	140	85

#### Whistleblowing referrals

3 whistleblowing allegations were received; an increase from the previous year (19/20: 0).



## Corporate Anti-Fraud Team (CAFT) work conducted (3 of 3)

### Corporate Anti-Fraud Team

#### Case studies

Below some case studies outline the successful outcomes of the Corporate Anti-Fraud team.

#### Corporate Fraud Investigation

This case began due to a Council tenant raising suspicions when he requested a rent refund and was told he had already been paid. Further investigation revealed that a request was made purporting to be from the tenant providing a different bank account. The bank account details belonged to an ex-employee of Barnet Homes, offender 1. Further investigation into his bank accounts revealed that he had received payments from Barnet Homes totalling approx. £44,000. All rent refunds were analysed which revealed a second ex-employee of Barnet Homes, offender 2, had also received rent refunds approx. £22,000 was paid into his bank account.

The fraud was committed by offender 1 telephoning the rents department and purporting to be the genuine tenant. He had details of the tenants as he was an employee within the rental income team at Barnet Homes. After he had left his employment, he took these tenants details with him and continued his offending. Both suspects were arrested and at interview offender 1 gave a full admittance confirming that he conspired with offender 2 and one other person. Offender 2 denied knowledge of the fraud and just assumed the funds were a mistake and spent them anyway. On 31st July 2020 offender 1 pleaded guilty to many counts of Fraud by False representation (Fraud Act) and offender 2 pleaded guilty to 8 counts of retaining a wrongful credit (Theft Act). On 18th August 2020.

Offender 1 was sentenced as follows:

2 years imprisonment suspended for 2 years. 250 hours unpaid work, 5 months electronically monitored curfew with compensation awarded to London Borough of Barnet totalling £5,000

Offender 2 was sentenced as follows:

8 months suspended for 12 months, 150 hours unpaid work with compensation awarded to London Brough of Barnet totalling £600.

#### Blue Badge Prosecutions

Case 1 relates to the use of a stolen disabled blue badge; the defendant was found guilty on 15 February 2021 at Willesden Magistrates Court of one offence under the Theft Act 1968 and one offence under the Road Traffic Regulation Act 1984. She was given a 6-month conditional discharge.

#### Tenancy Fraud Investigations

Case 1 – Ms B had a two-bedroom house in Friern Barnet. A referral was received from a neighbour stating the tenant was no longer living in the property. The resulting CAFT investigation found that the tenant was in fact living abroad and had been since 2019. The matter went to civil court where outright possession was granted and an eviction took place to recover the property.



## Summary of schools audits (1 of 2)

### Results of individual audits

In line with the Scheme of Financing Schools, the Chief Finance Officer is required to deploy internal audit to examine the control frameworks operating within schools under the control of the Local Education Authority (“LEA”). Schools were closed as a result of the pandemic from April 2020 to September 2020. Headteachers had to ensure school pupils and staff remained safe on their return to school. As a result, the first school audit visit did not occur until 19 October 2020. Schools were closed for a further period from 4 January 2021 to 8 March 2021. At the 2019/20 year end 3 reports had still to be agreed by the school due to COVID-19. These were therefore not part of last year’s Internal Audit Opinion. These audits were finalised in 2020/21. In 2020/21, Internal Audit performed 8 further school visits and undertook 1 follow-up review. The results of the work are reported in the table below and in the section of this report entitled **Follow-up work conducted**.

Review	School type	Report classification	Number of findings				
			Critical	High	Medium	Low	Advisory
Danegrove School	Primary	No	2	5	5	-	-
Frith Manor School	Primary	Limited	-	1	6	1	-
St Joseph’s Catholic Primary School	Primary	Limited	-	1	4	1	-
Edgware Primary School	Primary	Reasonable	-	1	2	2	-
Trent School	Primary	Reasonable	-	-	3	2	-
St Paul’s School NW7	Primary	Reasonable	-	-	4	2	-
Dollis Primary School	Primary	Reasonable	-	-	4	3	-
Menorah High School for Girls	Secondary	Reasonable	-	-	5	3	-
Moss Hall Nursery School	Nursery	Reasonable	-	-	2	2	-
Chalgrove School	Primary	Reasonable	-	-	2	2	-
Osidge School	Primary	Substantial	-	-	1	1	-
	<b>Total</b>	<b>11</b>	<b>2</b>	<b>8</b>	<b>38</b>	<b>19</b>	<b>-</b>

## Summary of schools audits (2 of 2)

### Direction of travel

Report rating	Trend between current and prior year	Number of reports		
		2020/21	2019/20	2018/19
Substantial	↓	1 (9%)	3 (15%)	4 (17%)
Reasonable	↓	7 (64%)	15 (75%)	16 (70%)
Limited	↓	2 (18%)	2 (10%)	3 (13%)
No assurance	↓	1 (9%)	0 (0%)	0 (0%)
<b>Total</b>		11	20	23

It should be noted that schools are audited on a cyclical basis and the prior period figures relate to different schools.

Each school will normally be audited on a three-to-five-year cycle, depending on a risk assessment of that school, unless the circumstances of a school require an audit on a more frequent basis. This year, due to COVID-19, it was not possible to visit as many schools as in prior years (20 in 19/20 and 11 in 20/21) . Therefore, the trend should be viewed in the context of this not being a typical year.

High priority recommendations made in all school audit reports are followed up to ensure that they have been implemented within agreed timeframes.

### Commentary

The results include the first schools report issued as No Assurance since prior to 2014. The school Bursar at Danegrove school left the school two weeks before the Internal audit visit in February 2021. Critical findings included bank payments made by the Bursar through online banking using the Headteacher and Deputy Headteacher's online authority. Payments had been made in this way for one year prior to the audit visit. Payments through the school bank account were not supported by filed invoices authorised by a senior member of staff.

Three High priority findings related to the schools not being able to set a balanced budget for the year. The Scheme for financing schools states that Schools cannot set, and Governing Bodies cannot approve a deficit budget.

The results of other schools audits highlighted generally sound financial management practices with few significant issues identified around financial controls and budget monitoring.

The largest number of issues were identified in the areas of Asset Management, and our review of the Schools Financial Value Standard (SFVS) return.

**Asset Management:** no inappropriate use of assets was noted in the year, however asset registers were often not up to date.

**School Financial Value Standard (SFVS) review:** we were unable to confirm that schools had adequate arrangements for audit of voluntary funds, and an up to date asset register in some schools.

## Follow up work conducted (1 of 5)

### Introduction

In order for the organisation to derive maximum benefit from internal audit, agreed actions should be implemented. In accordance with our internal audit charter, we followed up all high (H) priority and a sample of medium (M) priority recommendations made in prior years that remained outstanding and those raised in the current year to ascertain whether appropriate action had been taken. The table on the following pages summarises the follow up work performed, listing the audits in chronological order.

During the year the target of 90% of high/medium priority recommendations being implemented was met. For 2020-21 95% (75/79) of actions (previous year 76%) were implemented in year. The improvement is attributable to a combination of fewer audits being completed during 2020-21 owing to the impact of Covid on overall delivery and redeployment of Internal Audit staff for a significant period of the year and a focus by Internal Audit on chasing responsible officers for the prompt completion of actions. The percentage of in-year actions implemented within original or agreed revised timeframes is lower at 42% (previous year 49%) owing mainly to responsible officer work commitments that prioritised the COVID response. However, continual progress monitoring by Internal Audit aims to ensure that actions are still completed by the 31 March each year; this was achieved with 95% of all actions due by 31<sup>st</sup> March having been confirmed as Implemented by year end.

### Implementation analysis against follow-up target of 90%

Details	High	Medium	Total	Implemented	% Implemented by 31 March 2021	Actions implemented in line with agreed / revised timescales	% implemented in line with agreed / revised timescales
Follow-up actions carried forward from 19 / 20	9	40	49	47	96%	1	2%
Follow-up actions due 20 / 21 (in year)	14	65	79	75	95%	33	42%
Follow-up actions raised 20 / 21 but due 21 / 22	26	5	31	N/A	N/A	N/A	N/A
<b>Total</b>	<b>49</b>	<b>110</b>	<b>159</b>	<b>122</b>	<b>NA</b>	<b>N/A</b>	<b>N/A</b>
<b>Total due by 31 March 2021</b>	<b>23</b>	<b>105</b>	<b>128</b>	<b>122</b>	<b>95%</b>	<b>34</b>	<b>27%</b>

### Quarterly implementation performance

Quarter reported	Implemented	Actions implemented in line with original / revised timescales	% implemented in line with original / revised timescales
Q1/Q2	67	26	39%
Q3	35	1	3%
Q4	20	7	35%
<b>Total</b>	<b>122</b>	<b>34</b>	<b>28%</b>

## Follow up work conducted (2 of 5)

### Results of follow up work

Audit title	Number of High priority agreed actions	Number of Medium priority agreed actions	Total number of agreed actions	Status of agreed actions at 31 March 2021		
				Implemented	Ongoing	Not yet due
Pension Fund Finance and Investment July 2019 (outstanding at 31/3/2020)	1	2	3	2	1H	
Equalities data - quality and analysis November 2018 Q1 (outstanding at 31/3/2020)	2		2	2		
Banking and Payments Arrangements – Accounts Payable (outstanding at 31/3/2020)	1	7	8	8		
Investing in IT (outstanding at 31/3/2020)	1		1	1		
Domestic Violence (outstanding at 31/3/2020)	1		1	1		
Council Tax/NNDR/Housing Benefits - Housing Benefits (outstanding at 31/3/2020)		2	2	2		
Accounts Receivable (Debt Management) – outstanding 31/3/2020		2	2	2		

## Follow up work conducted (3 of 5)

Audit title	Number of High priority agreed actions	Number of Medium priority agreed actions	Total number of agreed actions	Status of agreed actions at 31 March 2021		
				Implemented	Ongoing	Not yet due
Highways Programme August 2019 Q2- outstanding 31/3/2020	1		1		1H	
Integra Access and Program Change Management ("APCM") December 2018 - outstanding 31/3/2020	1	2	3	3		
Cash and Bank- outstanding 31/3/2020		18	18	18		
Accounts Receivable (Invoicing) - outstanding 31/3/2020	1	7	8	8		
Revenue Budget Monitoring		8	8	8		
Adults Safeguarding	6		6	6		
Teachers Pensions	1		1	1		

## Follow up work conducted (4 of 5)

Audit title	Number of High priority agreed actions	Number of Medium priority agreed actions	Total number of agreed actions	Status of agreed actions at 31 March 2021		
				Implemented	Ongoing	Not yet due
Schools Payroll		3	3	3		
St Mary's CE	1		1	1		
GT 20 Capital Budget review		1	1	1		
Non-Schools payroll		3	3	3		
Key Financial systems - General Ledger		9	9	9		
Treasury Management – Compliance with investment strategy		1	1	1		
Public Sector Equality Duty Compliance		12	12	9	2M	1

## Follow up work conducted (5 of 5)

Audit title	Number of High priority agreed actions	Number of Medium priority agreed actions	Total number of agreed actions	Status of agreed actions at 31 March 2021		
				Implemented	Ongoing	Not yet due
Housing Benefits		20	20	20		
COVID Transaction analysis Phase 1	6	9	15	13	2M	
Pension Fund Administration Governance	4	4	8			8
Land charges - Review of Planning Data Controls and Policies	16		16			16
Edgware Primary School	4		4			4
Frith Manor School	2		2			2
<b>Total</b>	<b>49</b>	<b>110</b>	<b>159</b>	<b>122</b>	<b>6*</b>	<b>31</b>

\* 2 high and 4 medium priority actions overdue at year end

## Appendices

### **Appendix 1: Limitations and responsibilities**

### **Appendix 2: Opinion types**

### **Appendix 3: Basis of our classifications**

### **Appendix 4: Performance of Internal Audit**

### **Appendix 5: Changes to the 2020/21 published plan**





## Appendix 1: Limitations and responsibilities

### ***Limitations inherent to the internal auditor's work***

Our work has been performed subject to the limitations outlined below.

#### ***Opinion***

The opinion is based solely on the work undertaken as part of the agreed internal audit plan. There might be weaknesses in the system of internal control that we are not aware of because they did not form part of our programme of work, were excluded from the scope of individual internal audit assignments or were not brought to our attention. As a consequence management and the Audit Committee should be aware that our opinion may have differed if our programme of work or scope for individual reviews was extended or other relevant matters were brought to our attention.

#### ***Internal control***

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

#### ***Future periods***

Our assessment of controls relating to Barnet Council is for the period 1 April 2020 to 31 March 2021. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- The degree of compliance with policies and procedures may deteriorate.

### ***Responsibilities of management and internal auditors***

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly our examinations as internal auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

## Appendix 2: Opinion types





The table below sets out the four types of opinion that we use, along with an indication of the types of findings that may determine the opinion given.

Type of opinion	Indication of when this type of opinion may be given
<b>Substantial assurance</b>	<ul style="list-style-type: none"> <li>A limited number of medium risk rated weaknesses may have been identified, but generally only low risk rated weaknesses have been found in individual assignments; and</li> <li>None of the individual assignment reports have an overall report classification of either high or critical risk.</li> </ul>
<b>Reasonable assurance</b>	<ul style="list-style-type: none"> <li>Medium risk rated weaknesses identified in individual assignments that are <b>not significant in aggregate</b> to the system of internal control; and/or</li> <li>High risk rated weaknesses identified in individual assignments that are <b>isolated</b> to specific systems or processes; and</li> <li>None of the individual assignment reports have an overall classification of critical risk.</li> </ul>
<b>Limited assurance</b>	<ul style="list-style-type: none"> <li>Medium risk rated weaknesses identified in individual assignments that are <b>significant in aggregate but discrete parts</b> of the system of internal control remain unaffected; and/or</li> <li>High risk rated weaknesses identified in individual assignments that are <b>significant in aggregate but discrete parts</b> of the system of internal control remain unaffected; and/or</li> <li>Critical risk rated weaknesses identified in individual assignments that are <b>not pervasive</b> to the system of internal control; and</li> <li>A <b>minority</b> of the individual assignment reports may have an overall report classification of either high or critical risk.</li> </ul>
<b>No assurance</b>	<ul style="list-style-type: none"> <li>High risk rated weaknesses identified in individual assignments that <b>in aggregate are pervasive</b> to the system of internal control; and/or</li> <li>Critical risk rated weaknesses identified in individual assignments that are <b>pervasive</b> to the system of internal control; and/or</li> <li><b>More than a minority</b> of the individual assignment reports have an overall report classification of either high or critical risk.</li> </ul>
<b>Disclaimer opinion</b>	<ul style="list-style-type: none"> <li>An opinion cannot be issued because insufficient internal audit work has been completed. This may be due to either:                             <ul style="list-style-type: none"> <li>Restrictions in the audit programme agreed with the Audit Committee, which meant that our planned work would not allow us to gather sufficient evidence to conclude on the adequacy and effectiveness of governance, risk management and control; or</li> <li>We were unable to complete enough reviews and gather sufficient information to conclude on the adequacy and effectiveness of arrangements for governance, risk management and control.</li> </ul> </li> </ul>

## Appendix 3: Basis of our classifications (1 of 3)

### Overall report classification

The report classification is determined by allocating points to each of the findings included in the report and adding them together (see next slide for details of how points are allocated to individual findings).

Finding rating	Points	Assessment rationale
 <b>No assurance</b>	40 points or more	<ul style="list-style-type: none"> <li>There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.</li> </ul>
 <b>Limited assurance</b>	18-39 points (non-schools) 20-39 (schools)	<ul style="list-style-type: none"> <li>There are a number of significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are High recommendations indicating significant failings. Any Critical recommendations would need to be mitigated by significant strengths elsewhere.</li> </ul>
 <b>Reasonable assurance</b>	7-17 points 7-19* (schools)	<ul style="list-style-type: none"> <li>An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are Medium priority recommendations indicating weaknesses but these do not undermine the system's overall integrity. Any Critical recommendation will prevent this assessment, and any High recommendations would need to be mitigated by significant strengths elsewhere.</li> </ul> <p>* For schools audits the threshold for moving into Limited Assurance is higher (19 points as opposed to 17 points). This is because there are 17 different audit scope areas in a schools audit making it possible to accumulate a high number of points through Low priority findings. Our analysis of past reports has shown that this would lead to a disproportionate increase in the number of schools receiving a Limited Assurance rating under the points based system.</p>
 <b>Substantial assurance</b>	6 points or less	<ul style="list-style-type: none"> <li>There is a sound control environment with risks to key service objectives being reasonably managed. Any deficiencies identified are not cause for major concern. Recommendations will normally only be Advice and Best Practice.</li> </ul>

## Appendix 3: Basis of our classifications (2 of 3)

### Individual finding ratings






The report classification is determined by allocating points to each of the findings included in the report according to the scoring matrix below.

Finding rating	Points	Assessment rationale
 <b>Critical</b>	40 points per finding	<ul style="list-style-type: none"> <li>Life threatening or multiple serious injuries or prolonged work place stress. Severe impact on morale &amp; service performance. Mass strike actions etc</li> <li>Critical impact on the reputation or brand of the organisation which could threaten its future viability. Intense political and media scrutiny i.e. front-page headlines, TV. Possible criminal, or high profile, civil action against the Council, members or officers.</li> <li>Cessation of core activities, Strategies not consistent with government's agenda, trends show service is degraded. Failure of major Projects – elected Members &amp; SMBs are required to intervene</li> <li>Major financial loss – Significant, material increase on project budget/cost. Statutory intervention triggered. Impact the whole Council; Critical breach in laws and regulations that could result in material fines or consequences.</li> </ul>
 <b>High</b>	10 points per finding	<ul style="list-style-type: none"> <li>Serious injuries or stressful experience requiring medical many workdays lost. Major impact on morale &amp; performance of staff.</li> <li>Significant impact on the reputation or brand of the organisation; Scrutiny required by external agencies, Audit Commission etc. Unfavourable external media coverage. Noticeable impact on public opinion</li> <li>Significant disruption of core activities. Key targets missed, some services compromised. Management action required to overcome med – term difficulties.</li> <li>High financial loss Significant increase on project budget/cost. Service budgets exceeded. Significant breach in laws and regulations resulting in significant fines and consequences.</li> </ul>
 <b>Medium</b>	3 points per finding	<ul style="list-style-type: none"> <li>Injuries or stress level requiring some medical treatment, potentially some workdays lost. Some impact on morale &amp; performance of staff.</li> <li>Moderate impact on the reputation or brand of the organisation; Scrutiny required by internal committees or internal audit to prevent escalation. Probable limited unfavourable media coverage.</li> <li>Significant short-term disruption of non-core activities. Standing Orders occasionally not complied with, or services do not fully meet needs. Service action will be required.</li> <li>Medium financial loss - Small increase on project budget/cost. Handled within the team. Moderate breach in laws and regulations resulting in fines and consequences</li> </ul>
 <b>Low</b>	1 point per finding	<ul style="list-style-type: none"> <li>Minor injuries or stress with no workdays lost or minimal medical treatment. No impact on staff morale</li> <li>Internal Review, unlikely to have impact on the corporate image. Minor impact on the reputation of the organisation</li> <li>Minor errors in systems/operations or processes requiring action or minor delay without impact on overall schedule. Handled within normal day to day routines.</li> <li>Minimal financial loss – Minimal effect on project budget/cost.</li> <li>Minor breach in laws and regulations with limited consequences</li> </ul>
 <b>Advisory</b>	0 points per finding	<ul style="list-style-type: none"> <li>An observation that would help to improve the system or process being reviewed or align it to good practice seen elsewhere. Does not require a formal management response.</li> </ul>

## Appendix 3: Basis of our classifications (3 of 3)

### Individual finding ratings – schools audits

Simplified descriptions are used within Schools audit reports as the issues that are typically raised in school audit reports do not correspond with the descriptions used for non-schools audits.

Finding rating	Points	Assessment rationale
 <b>Critical</b>	40 points per finding	<ul style="list-style-type: none"> <li>Critical issue where action is considered imperative. Action to be effected immediately.</li> </ul>
 <b>High</b>	10 points per finding	<ul style="list-style-type: none"> <li>Fundamental issue where action is considered imperative to ensure that the School is not exposed to high risks, also covers breaches of legislation and policies and procedures. Action to be effected within 1 to 3 months.</li> </ul>
 <b>Medium</b>	3 points per finding	<ul style="list-style-type: none"> <li>Significant issue where action is considered necessary to avoid exposure to risk. Action to be effected within 3 to 6 months.</li> </ul>
 <b>Low</b>	1 point per finding	<ul style="list-style-type: none"> <li>Issue that merits attention/where action is considered desirable. Action usually to be effected within 6 to 12 months.</li> </ul>
 <b>Advisory</b>	0 points per finding	<ul style="list-style-type: none"> <li>An observation that would help to improve the system or process being reviewed or align it to good practice seen elsewhere. Does not require a formal management response.</li> </ul>

## Appendix 4: Performance of internal audit

### Key performance indicators

We agreed a suite of Key Performance Indicators (KPIs) with management and the Audit Committee. Our performance against each KPI is shown in the table below. These highlight the focus of our work and the standard attained:

KPI	Target	Performance	Comments
<b>Effectiveness</b>			
• % of recommendations accepted	98%	100%	<b>Target achieved</b>
• % of critical, high and medium* risk recommendations implemented	90%	95%	<b>Target achieved</b>
<b>Efficiency</b>			
• % of plan delivered	95%	82%	<b>Target partially achieved</b>  Note: This was the % delivered by 31st March 2021 as reported in the Q4 Progress report. Delivery was adversely affected by COVID-19 during the year. Findings from audits completed since year end have been included within this Opinion where the majority of fieldwork had been completed in 2020/21.
<b>Quality of Service</b>			
• Average auditee satisfaction score	85%	67%	<b>Target partially achieved</b>  Note: Only 4 survey responses were received during the year, with ratings as follows:  Excellent – 1 (achieved target) Good – 1 (achieved target) Adequate – 1 (did not achieve target) Not rated – 1 (unknown therefore not included)

\* Note that only a sample of medium risk recommendations, not all, are followed up to confirm implementation

### Quality assurance and improvement programme

In line with the Public Sector Internal Audit Standards, we undertook a self-assessment of compliance with the Standards during the year.

No significant compliance issues were noted for reporting to the Audit Committee.

Some general areas for improvement were noted however; these will be taken forward as part of the 2021/22 workplan. For example:

- Annual general feedback to be gathered from officers across the Council;
- Internal Audit Charter has been reviewed and slightly updated, this will come to Audit Committee for approval in July;
- Assurance Map to be streamlined and updated;
- Team training log to be more formally documented; and
- Audit Manual updates to be finalised to reflect recent minor changes to approach.

In line with the Public Sector Internal Audit Standards, an external review is required every 5 years. A peer review of Barnet's Internal Audit service will be undertaken by another London Borough during 2021/22.

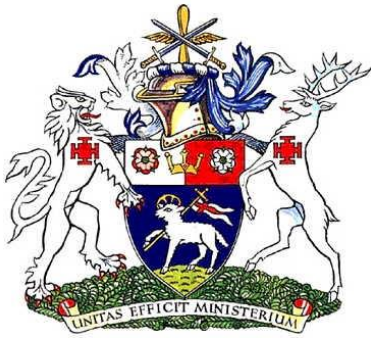
## Appendix 5: Changes to the 2020/21 published plan

The 2020/21 Internal Audit plan was approved by the Audit Committee in July 2020. There have been a number of changes to the plan since the date of approval. These have been reported to the Audit Committee within the quarterly progress reports but a summary of all changes made throughout the year is included in the table below.

Review	Change	Reason
Integra New Modules and Interfaces	Cancelled	Integra not being used for Asset Management as previously intended by the service
Play and Equipment in Green Spaces – Health and Safety	Cancelled	Agreed with service not a priority area for audit due to increased level of inspections of playgrounds when closing / re-opening during COVID-19
Resident Parking Permits - renewals	Cancelled	Cancelled as agreed with service that there are higher risk areas to focus limited audit resources on
Urgent Care Demand	Cancelled	Cancelled as agreed with service due to other audit work ongoing in service area
Pothole grant	Cancelled	Confirmed no pothole grant was awarded in 19/20 and so the audit was not needed
Expenses	Deferred	Introduction of new Expenses policy delayed due to COVID
Cyber Essentials follow-Up	Deferred	The Cyber Essentials framework is covered by PSN Essentials which will be reviewed as part of contractual obligation
Highways - Health & Safety	Deferred	Deferred to 2021/22 as agreed with the service due to contractor change
Barnet 2024 Transformation – Review of a key project	Deferred	Deferred to 2021/22 due to changes in the Project Management function
Schools Themed Review	Deferred	Deferred as agreed with Director that not a priority during COVID response
Schools audits (various)	Deferred	Schools closed due to COVID-19
Barnet Group - Fire Safety Projects / Building Control	Merged	Merged into review of Private Residential Blocks – Fire Safety (currently at planning stage)
CDM Regulations	Added	Added in agreement with Director
Equalities, Diversity & Inclusion (EDI) Policy and Action Plan – Development and Governance review	Added	Added as agreed within EDI Action Plan
Project Management Toolkit – Advisory Review	Added	Added due to changes being made to Project Management toolkit

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## Audit Committee

14 July 2021

<b>Title</b>	<b>Annual Governance Statement</b>
<b>Report of</b>	Director of Assurance
<b>Wards</b>	None
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	No
<b>Enclosures</b>	Appendix A: Annual Governance Statement 2020/21 Appendix B: Code of Corporate Governance 2021/22
<b>Officer Contact Details</b>	Clair Green, Director of Assurance, 020 8359 7719 clair.green@barnet.gov.uk

### Summary

The Council is required to produce an Annual Governance Statement (AGS), which is a statutory reported public statement which is included within the Statement of Accounts for 2020/21. The Annual Governance Statement outlines the governance framework, any significant governance issues and steps taken to mitigate those issues.

A Code of Corporate Governance is reported alongside the AGS which has been prepared in accordance with the CIPFA Delivering Good Governance in Local Government Framework 2016. This includes the principle and sub-principles of good governance and how the council complies with them.

The report seeks approval for the Annual Governance Statement 2020/21 to be included alongside the Statement of Accounts.

## **Officer Recommendations**

- 1. That the Committee comment on and approve the Annual Governance Statement for inclusion within the Statement of Accounts for 2020/21 as set out in Appendix A of this report.**
- 2. That the Committee comment on and note the Code of Corporate Governance 2021/22 as set out in Appendix B and note that Full Council will be requested to approve the Code for incorporation into the Constitution.**

### **1. WHY THIS REPORT IS NEEDED**

- 1.1 Part 2 Section 6 of the Accounts and Audit Regulations 2015 [as amended by The Accounts and Audit (Amendment) Regulations 2021] requires a local authority to conduct a review at least once a year of the effectiveness of its system of internal control and publish an Annual Governance Statement each year with the authority's financial statements.

### **2. REASONS FOR RECOMMENDATIONS**

- 2.1 The Audit Committee is required to consider the Annual Governance Statement and recommend its adoption and inclusion within the Statement of Accounts.
- 2.2 The Code of Corporate Governance has applied to Annual Governance Statements from the 2017/18 financial year onwards.
- 2.3 The Annual Governance Statement enable the Council to be compliant with the provisions of the Accounts and Audit Regulations 2015.

### **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1 None considered. The Council is required to have an Annual Governance Statement.

### **4. POST DECISION IMPLEMENTATION**

- 4.1 The governance issues identified within the Annual Governance Statement will be monitored throughout the year.

### **5. IMPLICATIONS OF DECISION**

#### **5.1 Corporate Priorities and Performance**

- 5.1.1 The Annual Governance Statement is a public document that shows that the council recognises that there are areas for improvement within our governance arrangements and framework.
- 5.1.2 The committee's scrutiny of their progress supports delivery of all three priorities in the Barnet Plan 2021 – 2025 which are:

- Clean, safe and well run: a place where our streets are clean and antisocial behaviour is dealt with so residents feel safe. Providing good quality, customer friendly services in all that we do
- Family Friendly: creating a Family Friendly Barnet, enabling opportunities for our children and young people to achieve their best
- Healthy: a place with fantastic facilities for all ages, enabling people to live happy and healthy lives
- Thriving: a place fit for the future, where all residents, businesses and visitors benefit from improved sustainable infrastructure & opportunity.

5.1.3 Barnet Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to economy, efficiency and effectiveness.

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

5.2.1 The council is able to confirm that its financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015). In addition, the authority's assurance arrangements conform to the governance requirement of the CIPFA Statement on the role of the Head of Internal Audit.

## 5.3 **Social Value**

5.3.1 The Public Services (Social Value) Act 2013 requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits. Before commencing a procurement process, commissioners should think about whether the services they are going to buy, or the way they are going.

## 5.4 **Legal and Constitutional References**

5.4.1 There are no legal issues in the context of this report.

5.4.2 Council Constitution, Article 7 - the Audit Committee terms of reference includes "...to oversee the production of the Annual Governance Statement (AGS) and to recommend its adoption".

## 5.5 **Risk Management**

5.5.1 The Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions

including the management of risk. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to achievement of London Borough of Barnet policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

5.5.2 The Annual Governance Statement is a process of identifying governance issues and suggesting key actions to mitigate potential risks to the Council. These are then monitored throughout the year until resolution.

## 5.6 **Equalities and Diversity**

5.6.1 Effective systems of audit, internal control and corporate governance provide assurance on compliance with laws, regulation, internal policies and procedures, including compliance with the Council's duties under the 2010 Equalities Act.

## 5.7 **Consultation and Engagement**

5.7.1 Not applicable

## 5.8 **Insight**

5.8.1 Not applicable

## 6. **BACKGROUND PAPERS**

6.1 Accounts and Audit Regulations 2015:  
[http://www.legislation.gov.uk/ukxi/2015/234/pdfs/ukxi\\_20150234\\_en.pdf](http://www.legislation.gov.uk/ukxi/2015/234/pdfs/ukxi_20150234_en.pdf)

6.2 CIPFA / SOLACE – Delivering Good Governance in Local Governance Framework 2016 Edition:  
<http://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition>

# LONDON BOROUGH OF BARNET

## Annual Governance Statement



**2020/21**

### CERTIFICATION

To the best of our knowledge the governance arrangements as defined have been effectively operating during the year 2020/21 except for those areas identified in Section 7. We propose over the coming year to take steps to address the matters to further enhance our governance arrangements.

We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation on an on-going basis through the year and as part of our next annual review at the end of the 2021/22.

SIGNED: \_\_\_\_\_ Date: \_\_\_\_\_

Leader of the Council

SIGNED: \_\_\_\_\_ Date: \_\_\_\_\_

Chief Executive

## 1. INTRODUCTION

Barnet Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions including the management of risk.

Barnet Council acknowledges its responsibility for ensuring that there is effective governance within the Council and as such has developed a Code of Corporate Governance that defines the principles and practices that underpin the governance arrangements operating within the Council.

This Annual Governance Statement explains how the Council meets the requirements of regulation 6[1] and 6[2] of the Accounts and Audit Regulations 2015<sup>1</sup> [as amended by The Accounts and Audit (Amendment) Regulations 2021<sup>2</sup>] in relation to the publication of a statement of internal control.

The Council has a separate Code of Corporate Governance which is reviewed annually and reported to the Audit Committee alongside this Statement and published as part of the Constitution<sup>3</sup>. The Code is consistent with the principles of the of Good Governance as set out in the CIPFA Delivering Good Governance in Local Government Framework 2016. How the Council complies with the principles will be reported annually alongside the Annual Governance Statement.

## 2. GOVERNANCE

Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. Good governance leads to effective:

- leadership and management;
- performance and risk management;
- stewardship of public money; and
- public engagement and outcomes for our citizens and service users.

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<sup>1</sup> <http://www.legislation.gov.uk/uksi/2015/234/regulation/6/made>

<sup>2</sup> <https://www.legislation.gov.uk/uksi/2021/263/made>

<sup>3</sup> <https://barnet.moderngov.co.uk/ecSDDisplay.aspx?NAME=SD359&ID=359&RPID=24619495>

### 3. GOVERNANCE ARRANGEMENTS

The Council's governance arrangements comprise two key elements. Firstly, the systems and processes which are in place to ensure that adequate controls exist including the internal control framework, external audit, the constitution, schemes of delegation, codes and protocols. The strategic direction of the authority is set out in the B Plan and the Council regularly monitors via its committees and decision-making framework delivery of its strategic objectives. Secondly, good governance is underpinned by the behaviours of Members, officers and the partners which includes but is not limited to adherence to the decision-making framework, adherence to codes and protocols, the culture and values of the organisation, and how the authority is accountable to and engages with the community it serves.

The system of internal control is a significant part of the Council's governance arrangements

and is designed to manage risk to a reasonable level, if operating effectively it cannot eliminate all risk and can only provide reasonable, not absolute assurance of effectiveness.

The system is based on an on-going process designed to:

- make sure that public money and assets are safeguarded from inappropriate use, or from loss and fraud;
- that public money is properly accounted for and is used economically, efficiently and effectively;
- that the Council operates in a lawful, open, inclusive and honest manner;
- that the Council has effective arrangements for the management of risk;
- that the Council enables human, financial, environmental and other resources to be managed efficiently and effectively;
- that the Council secures continuous improvement in the way that it operates;
- that the Council properly maintains records and information;
- that the Council ensures its values and ethical standards are met:
  - a. identify and prioritise the risks to achievement of the Council's policies, aims and objectives,
  - b. evaluate the likelihood of those risks being realised together with the impact should they be realised, and
  - c. manage them efficiently, effectively and economically.

The governance arrangements as outlined above have been in place within Barnet Council for the year ended 31 March 2021 and up to the date of approval of the annual report and accounts.

Where improvements in the governance arrangement are required (as outlined in Section 7) they will be addressed in the coming year.

#### 4. THE ANNUAL GOVERNANCE STATEMENT

The Annual Governance Statement is made up of statements that are underpinned by the Council's governance arrangements. An assurance framework exists, primarily the Council's formal governance arrangements and the Assurance Directorate, which enables Members and Senior Management to identify the principal risks to the Council's ability to meet its key objectives. Elected Members and Senior Management can map out both the key controls to manage the risks and how they are assured that these controls are effective in identifying, managing and mitigating risks.

This framework is designed to provide assurance, based on sufficient evidence, that internal controls are in place and are operating effectively and that objectives are being achieved, except for those areas identified in Section 7 which require further improvements.

An annual assessment via the Annual Governance Statement gives the Council an opportunity to review that effectiveness of the governance arrangements operating within the Council. In addition, 'the three lines of defence assurance model' helps Elected Members and Senior Management to understand where assurances are being obtained from, the level of reliance they place on that assurance and identify potential gaps in assurance to help inform Key Areas of Improvement.



##### **The Three Lines of Defence in effective Risk Management and Control**

The three lines of defence model is designed to provide confidence, based on sufficient evidence, that internal controls are in place and are operating effectively and that objectives are being achieved.

As assurance is derived from multiple sources, the "Three Lines of Defence" concept helps identify and understand the different sources of assurance.

Where controls are not operating effectively then improvements to strengthen the control environment are required, such issues are set out in section 7 of the report and will be addressed in the coming year.



<b>2nd Line of Defence</b>  <b>Oversight and Support</b>  Strategy, Policy, Direction setting, decision-making, assurance oversight	 Support	<b>1st Line of Defence</b>  <b>Business and Operational Management</b>  Delivering objectives, identifying risks and improvement actions, implementing controls, progress reporting, provides management assurance	 Validate	<b>3rd Line of Defence</b>  <b>Independent Assurance</b>  Independent challenge and audit, reporting assurance, audit opinion assurance levels
<b>Committee and Scrutiny Functions</b>		<b>Operational Management and Staff</b>		<b>Internal Audit</b>
<b>Senior Management Functions and oversight</b>		<b>Managing Performance and Data Quality</b>		<b>Legal Service including external Counsel</b>
<b>Risk Management and Performance Management</b>		<b>Programme and Project Management</b>		<b>External Audit (provide assurance to those charged with governance)</b>
<b>Functional Compliance (Information Management, HR, Legal, Contract and Financial Management)</b>		<b>Delivery of Service Business Plans</b>		<b>External Inspections</b>
				<b>Review Agencies</b>
		<b>Regulators</b>		

## 5. HOW HAS THE ANNUAL GOVERNANCE STATEMENT BEEN PREPARED?

The Council has reviewed significant governance issues from previous years and identified new issues that have arisen during the year. Detailed updates on these issues are set out in the following sections.

The Council has a Code of Corporate Governance to reflect the CIPFA Framework which includes an assessment of our compliance with the seven principles of Good Governance<sup>4</sup> which is reported to the Audit Committee alongside this Statement.

The Annual Governance Statement reports on significant governance issues over the last year and how the Council has responded to them. It should be noted that during this period there have also been notable achievements including the responding to the pandemic whilst delivering many elements of the council's core business and continuing to build on improvements in Children's and Adult Services.

<sup>4</sup> <https://www.gov.uk/government/publications/the-7-principles-of-public-life>

## 6. HOW DO WE KNOW OUR ARRANGEMENTS ARE WORKING?

Within this Annual Governance Statement, the Council has undertaken an assessment of significant governance issues and the progress made against these throughout the year. Any areas which have not been resolved will carry forward into 2021/22 and will continue to be monitored. Any issues that have been resolved during 2020/21 will no longer be monitored through the Annual Governance Statement, but will continue to be monitored through appropriate channels.

We consider that the Council are compliant with the CIPFA Delivering Good Governance in Local Government Framework 2016. How the Council complies with the Code is documented via a separate Code of Corporate Governance 2021/22.

## 7. SIGNIFICANT GOVERNANCE ISSUES

### EXISTING ISSUES – CARRIED FORWARD FROM 2020/21

#### 7.1 COVID -19 and Recovery Planning

Covid-19 has had a significant impact on Barnet during 2021/21. Residents, partners, local businesses, staff and the services the Council provides have all been significantly impacted. In addition to the emergency planning, business continuity and public health response, several services were initiated to deliver critical services and support to the residents and businesses, whilst existing services had to rapidly adjust to new ways of working to ensure continuity of delivery.

In September 2020, the Policy and Resources Committee received a report on the organisational response to Covid-19 and preparation for the next phase<sup>5</sup>. The report outlined the Council's response in the following areas:

- Emergency Planning and Business Continuity
- Decision-making;
- Outbreak management;
- Public health and health & safety leadership and support;
- NHS Test and Trace;
- Excess death management;
- Redeployment and running critical services;
- Financial resilience;
- Workforce support;
- Communities - and supporting the following – residents and communities;
- Children & young people;
- Adults;
- Faith groups; Volunteers;

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<sup>5</sup> Policy & Resources Committee, 24 September 2020, Organisational response to Covid-19 and preparation for the next phase: <https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&Mid=10198&Ver=4>

- Businesses;
- Town centres;
- Transport;
- Education;
- Elderly and venerable;
- Admission provision and hospital discharge;
- PPE;
- Leisure, culture and lifestyle;
- Parks and open spaces

The pandemic and emergency response has the potential to impact on the impact on the Councils governance arrangements by taking decisions or actions which have not been subject to oversight and scrutiny by elected Members.

Strong governance during a crisis also supports disaster recovery and resilience. Ensuring that robust governance arrangements were in place for key decisions relating to the pandemic was a significant issue in 2020/21. At the end of March 2020, the Council took the decision to suspend face-to-face committee meetings in line with advice from national and local government. Barnet operate a Committee System of governance and there is no provision for individual Member decision-making and significant decisions should be approved by committees. Several emergency decisions had to be taken by officers in consultation with Members, relying on provisions in the constitution relating to public health functions and acting in an emergency. These decisions were subsequently ratified by an Urgency Committee meeting at the end of April 2020<sup>6</sup> and a delegation was provided to officers to take any future pandemic related decisions in consultation with the relevant committee chairmen.

The pandemic highlighted a requirement to revise governance arrangements relating to enable urgent or emergency decisions to be taken by officers in exceptional circumstances so that the Council can react quickly without the requirement to convene a committee meeting whilst retaining Member oversight. In October 2020 Council<sup>7</sup> agreed to amend Article 10 (Decision-Making) of the Constitution to give a delegation to the Chief Executive to take decisions in exceptional circumstances on emergency matters which would normally require a committee decision where it is not possible to convene a meeting of a committee following consultation with relevant Members.

Since September 2020, the Council's pandemic response has continued through a further national lockdown between December 2020 and March 2021. Despite the lockdown, the Council's focus has been on recovery planning and future financial sustainability as set out below.

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<sup>6</sup> Urgency Committee, 27 April 2020: <https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=716&MId=10375&Ver=4>

<sup>7</sup> Council, 20 October 2020, Item 11.2, Appx T and U: <https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=10235&Ver=4>

## Recovery Planning (including the Barnet Plan)

Our Covid-19 Recovery Planning programme has continued throughout the year, led by the council's Deputy Chief Executive. The programme has co-ordinated activity across the organisation in the past year, with the majority of council services now recovered and operating normally. The programme has been structured around the themes of the Barnet Plan 2024 in order to embed recovery into the council's long-term vision for the borough.

The programme is currently focused on the final 'unlocking' of services that have been restricted by Covid-19 regulations or deprioritised due to the pandemic response, in line with the government's roadmap out of lockdown.

Other areas of unlocking continue to build upon changes implemented through the response to Covid-19. In-person social care services in Adults and Family Services are being restored alongside digital models, while libraries continue to look at blended service models. This will be in place until all services have been unlocked in line with this roadmap, with any recovery activity beyond this falling into the Barnet Plan, where it will be monitored by the outcomes framework.

It is clear that – as well as being a pressing social and economic need – recovery provides an unparalleled opportunity for the council to work with partners to collectively re-think how we operate individually and together. There are numerous examples of positive changes that have been implemented throughout our response to Covid-19 that we should build upon and retain in the future.

These activities are incorporated into Barnet's new Barnet Plan<sup>8</sup>, which was agreed at Full Council 2 March 2021<sup>9</sup>. The COVID-19 recovery planning has fed into the Plan and has enabled us to achieve a stable foundation on which to deliver our longer-term vision:

*"We care about the borough and want it to be a great place to live, work and visit. Listening to and working with residents and others, we want people to have opportunities to live healthy and fulfilling lives in safe and thriving communities. Providing good quality customer service in all that we do."*

The plan focuses on four priorities over the next four years:

- Clean, safe and well run – A place where our streets are clean and anti-social behaviour is dealt with so residents feel safe. Providing good quality, customer friendly services in all that we do
- Family Friendly – Creating a family friendly Barnet, enabling opportunities for our children and young people to achieve their best
- Healthy – A place with fantastic facilities for all ages, enabling people to live happy, healthy lives

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<sup>8</sup> <https://www.barnet.gov.uk/sites/default/files/2021-03/022176%20-%20BC2135%20-%20BARNET%20Corporate%20plan%202021%20-%202025%20-%20FINAL%20%281%29.pdf>

<sup>9</sup> Council, 2 March 2021, Item 10.1: <https://barnet.moderngov.co.uk/jelListDocuments.aspx?Cid=162&Mid=10237&Ver=4>

- Thriving – A place fit for the future, where all residents, businesses and visitors benefit from improved sustainable infrastructure and opportunity.

In the delivery of our vision we will be adopting preventative measures to help people remain healthy, happy and independent in all aspects of life and consider equalities in all that we do. A key tenet of the plan is the focus on Barnet as a place where the council is just one of the bodies responsible for making it a great place to live and work. The plan sets out how we intend to work with others, through statutory partnerships and more informal relationships, on shared problems to achieve the best outcomes for our residents and businesses.

Delivery of the Recovery Plan and Barnet Plan are progressing as unlocking continues and services begin to open up further. Policy & Resources Committee<sup>10</sup> have recently approved the allocation of Covid-19 funding for recovery and delivery of the Barnet Plan in the following areas:

- Improvements in CCTV, enforcement and improved Customer Service
- Supporting education recovery, children’s emotional and mental health and employment
- Improvements in integrated care
- Supporting employment and sustainability
- Improvements in insight

One-off contingency funding to assess impact in the following areas has also been agreed:

- Improvements in customer services, parks and cleansing
- Support to tackle violence against women and girls
- Support victims of domestic abuse
- Support employment
- Support to voluntary, community and faith sector

### Financial Sustainability

Financial sustainability is a key element to the recovery programme which needs to deliver a robust Medium Term Financial Strategy (MTFS) in order to support the continuation of council’s operations to support residents. Marked by the COVID-19 pandemic, 2020/21 was a turbulent year, but ended strongly for the council. The budget set in March 2020 was marked by a lack of any planned reliance on the use of reserves. By March 2021, the Council has not relied on reserves, and has in fact made contributions to reserves. There were planned contributions of £6.640m, with a further unplanned amount of £9.749m added to corporate reserves and provisions.

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<sup>10</sup> Policy & Resources Committee, 16 June 2021, Item 7, Business Planning 2022-26:  
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?Cid=692&Mid=10888&Ver=4>

Costs of the pandemic incurred during the year were substantially covered through government funding received, with a balance £8.443m being taken forward to the new year to fund anticipated costs. This balance, together with the reserves created above, are one-off, but they will help to manage pandemic recovery costs during 2021/22.

The first lockdown was announced in late March 2020, and for several months thereafter there was great uncertainty over the level of cost that might be incurred and the extent of government funding. An early report (to the June 2020 Financial Performance & Contracts Committee<sup>11</sup>) estimated that costs could be as high as £52.4m, with funding at that point only covering half of that. There were widespread concerns at the time that many councils could be pushed into a financial crisis. As it turned out, further financial support was provided. Announcements in July and later in November mean that government has substantially funded the local costs of the pandemic. The sums received have been managed carefully, targeting resources towards areas of greatest need as they were identified while still ensuring there were proper safeguards and effective management of public money. A total of £85.0m was received and £76.6m spent (excluding business support and support for schools). The balance so far unspent is already committed to a range of known further costs in the new year as being directed to areas such as support to employment, business support and ongoing social care impacts.

The pandemic impact also extends to the Medium Term Financial Strategy. The MTFs, which covered 2021-26, was based on service delivery assumptions rooted in the months leading up to March 2020, and so reflects a 'pre-pandemic' profile of council operations. At that point, the MTFs indicated a remaining savings requirement for 2022/23 of £8.6m, rising to £14.1m by 2024/25. A key priority for the council in the new financial year (2021/22) and through the budget planning process for 2022/23 and the MTFs period will be to understand the post-pandemic operation of council services and the impact of that on the MTFs.

In particular, the council will need to identify areas affected for a short period only by the pandemic, as opposed to where the pandemic has had a longer term or even permanent effect. In essence, a 'fundamental financial review' is required for all budgets affected (or possibly affected) by the pandemic. Key areas for review include latest or emerging trend data for social care (Adults and Children's) including mental health and domestic violence support, car parking income, business rates receipts and local business and employment support, and resident expectations of services such as housing provision, leisure, and parks and open spaces, among others. A report was taken to the June Policy & Resources Committee<sup>12</sup> with recommendations regarding the approach to revising the MTFs and setting a budget for 2022/23 to support delivery of the Barnet Plan.

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<sup>11</sup> Financial Performance & Contracts Committee, 8 June 2020, Item 7: <https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&Mid=10106&Ver=4>

<sup>12</sup> Policy and Resources Committee, 16 June 2020, Item 7: <https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&Mid=10888>

Business rates receipts in particular are subject to external factors including the local economic recovery, tapering of expanded rate reliefs, changes in consumer habits and national policy changes. The council will continue to monitor business rates receipts in line with other key areas of review.

The council will work with schools during 2021/22 to provide support to them in managing their finances.

This issue will continue to be monitored through the Annual Governance Statement during 2021/22.

## **7.2 Emergency Planning and Organisational Preparedness**

Under the Civil Contingencies Act 2004, the London Borough of Barnet is defined as a Category 1 Responder, along with other Category 1 Responders such as Police, Fire and Ambulance Service. During any emergency that occurs in Barnet, the role of the council is to support and assist the emergency services in life saving and operational activities; then take the lead during the recovery phase to ensure the community has a swift return to normality.

Barnet has a duty under the Act to identify risks and hazards that have the potential to impact the borough and its communities and on that basis, to plan for such emergencies, exercise those plans and to make its residents aware of the hazards in their area and how they can prepare for an emergency. Hence, our contingency planning and business continuity arrangements (how we maintain service delivery in the event of incidents and disruption) have a key role in our ability to manage our resources, effectively, efficiently and economically.

Whilst responding to Covid, the Emergency Planning team have been working to review and update our key plans including our Severe Weather Plan and our Fuel Management Plan which included a new Traffic Management Plan. We have reviewed ourselves against Resilience Standards for London and fed back our state of preparedness to London Resilience. We have developed virtual training programmes and recruited and delivered these to six new Silver responders, four new Local Authority Liaison Officers (LALO's), 12 new BECC Officers and three new BECC Managers thus ensuring our on-call Emergency Response teams are adequately resourced and fully trained. We also created a best practice paper on three key actions identified in the Grenfell Action Plan, on how local authorities can ensure suppliers and contractors are clear of their obligations and work alongside local authorities should a major incident occur. This paper is being presented to the Local Authorities' Panel, the body that provides London local government input into resilience issues and oversees the work programme of the London Resilience Group, and once agreed will be shared with all 33 London Borough's to encourage best practice across London.

Throughout this period the Organisational Resilience team have maintained a full response team to address any other non-Covid emergencies arising to include fire and flood evacuations and major loss of services.

This issue will continue to be monitored through the Annual Governance Statement during 2021/22.

### **7.3 Improvement of Key Services Delivered via the Capita CSG and RE Contracts**

The council has two strategic contracts with Capita. The first, the Customer and Support Group (CSG) contract, is for the delivery of the council's "back office" functions, including customer services, information technology, revenues & benefits and estates. The second relates to the provision of development and regulatory services (DRS), including planning, highways, environmental health, regeneration and cemetery and crematorium. This contract is delivered through a joint venture between Capita and the council, known as Regional Enterprise Ltd (RE).

In 2018, the council's Capita CSG and RE contracts were reviewed<sup>13</sup>, with the Finance and Strategic HR services returning in-house in April 2019. In July 2019<sup>14</sup> the phase II review concluded that part of the Regeneration service (the Skills, Employment and Economic Development team and the Director of Place role) should be returned to the council, further strengthening strategic control in a key area of the council's activities. It was also agreed that the Safety, Health and Wellbeing Service be returned to the council and that the remaining services should be reviewed alongside the year 6 (CSG) and year 7 (Re) contract reviews. In addition, the Integrated Programme Management Office, which co-ordinates the management of the Brent Cross Programme, also returned to the Council in January 2020.

In 2020, a review of the Pensions Administration Service was completed and it was agreed that it would be transferred from Capita to the West Yorkshire Pension Fund (WYPF), which is a specialist provider of Local Government Pension Fund Administration Services<sup>15</sup>. The Pensions Administration Service was transferred to the WYPF in November 2020 and is now operating satisfactorily.

Other services provided under the CSG and RE contracts are under review through the Year 6/7 Review process. In January 2020 the Financial Performance & Contracts Committee agreed the terms of reference<sup>16</sup>. The review was initially paused in 2020 as the team focused on Covid response activities, but it is now underway, with a view to confirming the proposed categorisation of individual services as either:

- a) retained services

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<sup>13</sup> Policy and Resources Committee, 19 July 2018 – Item 8:  
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=9725&Ver=4>

<sup>14</sup> Policy and Resources Committee, 19 June 2019 – Item 7:  
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=9850&Ver=4>

<sup>15</sup> Policy and Resources Committee, 19 February 2020 – Item 9:  
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=692&MId=9853&Ver=4>

<sup>16</sup> Financial Performance and Contracts Committee, 29 January 2020 – item 9:  
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&MId=10105&Ver=4>



- b) returning services, or
- c) further review services.

The review is supported by an independent market insights report commissioned from Grant Thornton<sup>17</sup>. Regular oversight and scrutiny is being provided by the Financial Performance & Contracts Committee<sup>18</sup>.

This issue will continue to be monitored through the Annual Governance Statement during 2021/22.

## **7.4 Governance of Major Capital Programmes including Brent Cross Cricklewood Regeneration**

The council's revenue budget receives regular scrutiny via the Council Management Team and committee arrangements. Capital expenditure can be significant and should be focussed on the development and maintenance of infrastructure to support the council's strategic aims. As such, it is appropriate for this Statement to give an overview of the capital programme to provide additional assurance that it is robust, deliverable and has the appropriate level of oversight and scrutiny.

The council has is expected to deliver over £450m of capital investment in 2021/22. There is a broad Capital Programme which ranges across relatively small-scale initiatives to significant infrastructure projects and programmes.

Within this portfolio, the regeneration of Brent Cross Cricklewood, Highways and Housing are the most significant programmes of work. Beyond these programmes, the council has a diverse portfolio of Capital Delivery Projects.

### **7.4.1 Brent Cross Cricklewood**

Brent Cross Cricklewood comprises three main elements: Brent Cross Thameslink; Brent Cross South; and Brent Cross North.

While Brent Cross North is deferred, both Brent Cross West Station (BXW) and Brent Cross Town (BXT), formerly known as Brent Cross South, have made significant progress through the planning and design stages.

The BXW Rail Systems and Sidings works commenced in January 2019 with the replacement Train Operating Company (TOC). The TOC facility is now occupied and the sidings became fully operational in March 2021. Works have commenced on the BXW Station itself and the construction is now well advanced, with work happening now on the slow and fast platforms. The track slews undertaken by Network Rail to realign the rail tracks to create the space for the new platforms have been safely delivered, and now substantially de-risks the delivery of the station and the 2022

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<sup>17</sup> Financial Performance and Contracts Committee, 17 March 20201 – item 10:  
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&MId=10109&Ver=4>

<sup>18</sup> Financial Performance and Contracts Committee, 8 June 2021 – item 8:  
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&MId=10799&Ver=4>

opening date. Practical completion of the station is scheduled for late Spring 2022, with opening late 2022<sup>19</sup>.

All the land needed to deliver the first phases of the scheme has now been identified and the required Compulsory Purchase Order Notices issued in line with the programme and prior to the expiry of the Orders.

Brent Cross South has also started on site with significant progress being made so that plot development can commence in Spring 2022. The Exploratory open space is now open ahead of the works starting on the upgrades to Claremont Park. This Park is due to open in Spring 2022. The Pavilion (also known as the temporary visitor centre) is due to open this autumn.

The scale of the changes to be delivered in the borough, and of the spend, mean that the programme has a corporate significance beyond that of most regeneration projects. In terms of Brent Cross Thameslink, the Council is exposed to the risk of cost overrun and grant clawback if the grant conditions, particularly key milestone dates, are not met. There is a mechanism for amending key milestones in agreement with Government, and currently the Council is meeting the agreed the programme on the station. The programme for the waste transfer station has been updated to reflect the interim move by the North London Waste Transfer Station to Seneca. This has been made with the full agreement of government through the Government Assurance Board.

The major risk for the programme related to securing the recent major railway possessions to deliver the new station platforms, which as mentioned above, were safely delivered throughout April – June 2021. However, the risk remains in relation to the smaller weekend and night possessions needed to deliver the station itself. The integrated industry supported programme developed in response to the delivery of the major key railway possessions is being regularly updated and the Mace, Network Rail and contractor teams are meeting to review this and ensure that works are co-ordinated and the possessions are maintained with maximum construction work taking place.

Cost and programme remain important risks to manage and these are regularly reviewed through the operational Client Reviews and the programme governance structure.

Ensuring that the station is operational ready by late 2022 is another risk that is being actively managed. The Memorandum of Understanding that was signed in 2020 by all rail industry and government partners, and confirmed the collaborative agreement to work towards delivering in line with the integrated programme, is now being updated to reflect the updated programme and workstreams to ensure that the station is operational ready. This is being managed by the Railway Operations Assurance Board now established and has the specific focus of ensuring the

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<sup>19</sup> Housing and Growth Committee, 14 June 2021- item 17:  
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?Cid=696&Mid=10845&Ver=4>

programme is maintained and rail related issues are resolved before impacting the programme. The Board reports into the already established Government Assurance Board and can escalate issues which may require input from more senior levels.

The programme will also deliver wide ranging benefits to the Council and the borough, including but not limited to, new homes to meet housing need, investment in infrastructure for the benefit of existing and new residents, and increased revenue from council tax and business rates. A benefits tracker has been established that is being reviewed on a regular basis throughout the programme lifecycle to ensure benefits are being realised in line with the business case.

Since the last Annual Governance Statement, the council acquired the Brent Cross South Retail Park in February 2021. The Park forms part of the wider Brent Cross regeneration scheme. The acquisition was made following a thorough review of the regeneration opportunities having regard to the existing S73 permission and S106 requirements alongside market conditions and development potential. It is anticipated that it will be brought into the Brent Cross South Joint Venture between the Council and Argent Related. Significant due diligence was undertaken by the Council and its advisors prior to purchase, particularly on the finance modelling, existing tenant mix and re-development strategy to inform the purchase price and ensure that there is not a negative impact on the General Fund during the holding period. The acquisition was funded through Council borrowing. The key risks relate to ensuring that the acquisition will have no impact on the General Fund and that the Council's acquisition and holding costs are covered prior to it being incorporated into the BXT Joint Venture. The Council has put in place appropriate internal resources and expertise supplemented by external property management as required to ensure that the Council will secure the required returns so that there will be no gap or negative impact on the General Fund. Monthly reporting is now in place to manage this asset through the council's governance structure.

The programme has a comprehensive internal governance structure within the Council, reporting to the Housing & Growth Committee for strategic direction and regeneration related decisions, the Policy & Resources Committee for budget decisions, and the Financial Performance & Contracts Committee for monitoring of key delivery contracts between the Council and Network Rail in respect of the Rail Sidings and Systems and Volker Fitzpatrick in respect of the station delivery contract. The Member Working Group has also been updated to receive reports programme wide. The updated terms of reference were approved at the Housing & Growth Committee in January 2021<sup>20</sup> and the Group subsequently met in February and is scheduled to next meet in late June.

Externally, programme progress, risks, issues, benefits realisation and finance are all reviewed monthly at the Government Assurance Board (attended by: the council; Ministry of Housing, Communities and Local Government; Department for Transport;

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<sup>20</sup> Housing and Growth Committee, 25 January 2021- item 10:  
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=10228&Ver=4>

HM Treasury; Homes England; Greater London Authority; Transport for London; and the Infrastructure Projects Authority (IPA)).

Update reports on the overall project continue to be submitted to the Housing & Growth Committee on a quarterly basis. The programme is also now reporting to the Financial Performance & Contracts Committee<sup>21</sup> and this is continuing quarterly now that the scheme has moved into the delivery phase and major contracts let. Through the Government Assurance Board, Government partners agreed to a joined-up approach in relation to audit and assurance reviews. The Infrastructure and Projects Authority (IPA) have carried out progress reviews previously, and it has been agreed that a follow up review will be council led. This review has taken place and is currently at draft report stage, providing 'Reasonable Assurance'.

#### 7.4.2 Highways

The Council have different sources of capital investment on the highway network, but primary source of capital expenditure is through three main workstreams:

- Network Recovery Plan
- Local Implementation Plan
- Section 106 agreements with developers

The Environment Committee in January 2021 approved the capital expenditure of just over £6.7 million for the delivery of the 2021/22 Highway Network Recovery Plan (NRP)<sup>22</sup>. The work programme consists of carriageway and footway renewal works. This programme is mainly funded from Community Infrastructure Levy (CIL).

Another source of capital funding for highway infrastructure is through annual investment by Transport for London through the borough delivery programme called Local Implementation Plan (LIP). Barnet have been receiving in the order of £3m per annum over the last few years. However, currently the Council is waiting to hear from TfL for 2021/22 LIP allocation following a short term financial settlement with the government. Failure to receive the LIP funds is a risk to a number of capital projects, including sustainable transport, road safety, junction improvements and alike.

Section 106 funding is agreed between the Council and developers as part of the planning application process. These funds are secured to minimise the impact of major developments within the borough. Part of this fund is ring fenced for improvement to the transport network within the area of development.

All capital funding for highways are considered at Capital Strategy Board prior to decisions being made at Environment Committee and/or Policy and Resources Committee.

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<sup>21</sup> Financial Performance and Contracts Committee, 8 June 2021 – item 11:  
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&MId=10799&Ver=4>

<sup>22</sup> Environment Committee, 18 January 2021 – item 9:  
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=695&MId=10158&Ver=4>

The highway services, including capital programme is delivered by the Re Highway and overseen by the Council's Commissioning Team. Works progress reports are provided by Re Highway on a monthly basis to the Executive Director, Environment and the NRP progress to the Environment Committee on an annual basis<sup>23</sup>.

### 7.4.3 Housing

The Housing Revenue Account (HRA) Capital Portfolio consists of:

- New build affordable housing schemes
- Major works to existing Council stock
- Repairs to existing Council stock
- Acquisition of homes on regeneration schemes
- Fire safety programme

The main risks and issues include general development risks such as programme delays, and land assembly. The council is undertaking a £51.9m investment programme to improve fire safety in council homes and despite some Covid-19 related delays this has progressed well during 2020/21, with £34m of the total budget now spent. Detailed building and fire safety inspections of medium and low-rise residential council buildings are also being undertaken.

Large council blocks that were built using the Large Panel System (LPS) construction method have been surveyed, with findings of significant issues. Some of the affected buildings have been completely vacated with mitigation works being undertaken at others.

The council's new build Housing Revenue Account Capital Portfolio consists of a range of schemes to deliver mainly affordable housing on HRA land. The council delivers this portfolio primarily through its relationship with Barnet Homes (BH), with BH acting as the Council's development agent.

The affordable housing, extra care and Upper and Lower Fosters programmes report monthly to the internal (council and BH) officer project boards, as well as to the council's officer Capital Strategy Board where programme progress, risks, issues, benefits realisation and finance are all reviewed.

The acquisition of properties on regeneration estates is delivered by the Re Regeneration team and reports to the office Growth and Regeneration Board monthly.

Programmes in relation to the management of Council stock are delivered through the Management Agreement with Barnet Homes.

General Fund Housing Capital projects includes:

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<sup>23</sup> Environment Committee, 18 January 2021 – item 9:  
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=695&Mid=10158&Ver=4>

- Loan to Opendoor Homes for the delivery of affordable and mixed tenure housing
- Loan to Opendoor Homes for the acquisition of housing
- Delivery of 142 homes at Upper and Lower Fosters funded by Sage Housing Ltd

For the projects delivered by Opendoor Homes, the Council has a role in agreeing in the business case, and monitors progress in line with this. However, it's role once the business case has been approved is as funder.

For all projects recommendations on budget are considered at Capital Strategy Board prior to decisions being made at Policy & Resources Committee. Strategic decisions on individual projects are taken at Housing & Growth Committee. The affordable housing and extra care projects are all managed in line with the Council's project management/ capital delivery toolkit.

#### **7.4.4 Capital Delivery Projects**

Following a Capital Governance Review, arrangements have been strengthened across the wider capital programme which is investing in schools and other assets across the borough. To provide assurance that governance arrangements have been strengthened this Statement includes a summary of the Programme and its constituent elements.

The capital portfolio typically consists of buildings (excluding housing) such as schools, leisure centres, community centres parks and open spaces as well, as corporate projects such as office accommodation and operations bases.

The council's approach to delivery of Capital projects aims to be proportionate to the scale and complexity of the individual schemes.

Generally, smaller schemes that do not involve a form of construction are governed separately directly within services. Those projects of a more significant value follow the Council's Project and Programme Management methodology and are grouped by portfolio. The Brent Cross Programme, Housing and Highways are the exception to this approach as they are governed and reported separately.

The Council splits the delivery of the Capital Programme into six Portfolios each internally reviewed by an officer Portfolio or Programme Board:

1. Depot Programme
2. Education and Families Capital
3. Town Centres Capital
4. Greenspaces, Parks and Leisure Capital
5. Property and Operations Portfolio
6. Hendon Hub Programme

The programme reports monthly to the internal officer Capital Strategy Board where programme progress, risks, issues, benefits realisation and finance are all reviewed. Any significant escalations are taken to Council Management Team.

Recommendations on budget are considered at Capital Strategy Board and Council Management Team prior to decisions being made at Policy & Resources Committee. Strategic Decisions on individual projects are taken at relevant theme committees.

The programme reports quarterly to Financial Performance & Contract Management Committee to outline the status of project delivery across the Capital Portfolios and to provide visibility of the live projects between delivery and closure stages. The quarterly report identifies projects where there has been a variance to the full business case in terms of time cost and quality with a view to providing assurance on lessons learned for continued improvement in the performance of the Council's Capital Project Delivery.

**Depot** - The Depot Programme aims to reduce the property related costs associated with running the Streetscene services. The programme is reviewing the various leasehold arrangements currently in place and is investigating opportunities to make improvements to the current use of the sites.

**Education & Families** - The Education and Families Capital Programme delivers projects relating to Children, Schools and Education. Initiatives include;

- Modernisation programme which will oversee improvements to school infrastructure;
- Additional Places programme for Primary & Secondary Schools which has been able to re-provide 60 places at a primary school level and to create an additional 60 new places at a secondary school and facilitated the building of the new 6 form entry Saracens High School
- Special Educational Need (SEN) Schemes has enabled an additional 34 SEN places to be created at three schools and one Pupil Referral Unit,
- The creation of new nursery places and a new children's home.

**Town Centres** - The Council is developing its plans for capital investment to support regeneration and town centre improvements. In 2021 the programme will be moving forward with proposed plans for Finchley Square which looks to improve the town centre at Finchley Central.

**Greenspaces, Parks & Leisure** - The Greenspaces, Parks and Leisure programme covers the capital projects that cover the investment in these assets for the borough. Key elements of the programme include:

- The delivery of the Council's Parks and Open Spaces Strategy, which has been developed to guide future investment in parks, ensuring that they are practical and are part of the well-used fabric of the local community.
- Provision of modern facilities and enhanced outdoor space, contribution to council's strategic commitments to provide additional sports and playing pitches with increased usage by residents and users.

- The creation of two new leisure centres at Barnet Copthall and Victoria Park in New Barnet.
- The investment in the Council's Cemetery and Crematory infrastructure

**Property & Operations** - The Property and Operations Portfolio delivers projects that relate to the Council's civic estate such as office accommodation, the portfolio also covers projects relating to disposals and development. Projects in this portfolio are reviewed by officers at the Property Review Board.

**Hendon Hub** - The Hendon Hub programme is currently working to produce a Full Business Case for decision at Policy & Resources Committee. The Hendon Hub redevelopment is an aspirational new project that will deliver new and improved academic and civic spaces around The Burroughs in Hendon.

Working in partnership with Middlesex University and the Barnet Library Service, this project will provide new mixed-use accommodation and community facilities to Hendon, as well as a more welcoming and greener public realm designed with local people in mind. The proposals for Hendon will include creating a more pleasant environment in and around The Burroughs, making the area more accessible and inviting for everyone.

This issue will continue to be monitored through the Annual Governance Statement during 2021/22.

## 7.5 Financial Control

During 2020/21, we continued to build on the work undertaken to strengthen controls amongst our processes in all areas with specific focus on ensuring all 2019/20 audit recommendations were implemented across Finance as well as embedding the improvements as part of the review carried out by Grant Thornton.

A key area of consideration in 2019/20 was the Finance initiative to complete self-assessments of the financial control environment. These assessments gave specific attention to best practice principles and throughout 2020/21 we considering additional differing controls principles as part of this. This led to a progressive approach to address the areas of weakness across all of our processes whilst prioritising the higher risk areas.

It was agreed at the time that Internal Audit would undertake a review later in the year to assess whether the identified controls were operating as expected. This work has now been completed and, although the scope of the reviews differed to those undertaken in previous years, in general the direction of travel on all the Key Financial Systems audits was either positive or stable; no deteriorations were noted. Throughout 2020/21, greater emphasis was placed on seeking to deploy system controls, provision of management information and accessibility to up to date policies and procedures.



The Internal Controls Board continued to take place on a monthly basis throughout 2020/21 and this embedded ongoing dialogue and accountability across departments and strategic partners.

During 2020/21, internal audit also undertook data analysis of payments made during COVID and did not identify any fraud. Several process improvements were highlighted as part of the findings and we are working to ensure these are embedded across the affected areas.

This issue will continue to be monitored through the Annual Governance Statement during 2021/22.

## **7.6 Financial Risk**

As the council's finances have become more challenging, we have begun to rely on a greater range of funding arrangements and financial mechanisms. Along with increased land holdings for regeneration schemes, some of which are income producing, this has led to a more complex financial environment. Significant financial arrangements and financial mechanisms are as follows:

- The acquisition of Brent Cross Retail park
- The loans to Open Door Homes
- Sage funding of Upper and Lower Fosters regeneration
- Loan agreement with Saracen Copthall LLP (SCLLP)
- Hendon Hub (*subject to committee approval*)

While extensive due diligence has been undertaken on each of these schemes to sure that they do not expose the council to unacceptable risk, in light of the increasing diversity of arrangements the council will, in 2021/2022, develop a portfolio approach to risk management including elements such as funding type, lender and asset class to ensure an appropriate level of exposure to any individual partner or funding model.

Financial risk will continue to be monitored through the Annual Governance Statement during 2021/22.

## **7.7 Pensions Administration**

Following a review of options for the administration of the pension scheme, West Yorkshire Pension Fund (WYPF) were appointed as administrator of members records effective from 1 November 2020. The transition was completed to timetable.

Although a data improvement plan was partially completed pre-transition, West Yorkshire inherited a backlog of unprocessed leavers, which they are currently working through with Barnet officers assisting in the collection of information from employers. Progress is being monitored by both the Local Pension Board and Pension Fund Committee.

Because of missing data, we reported to The Pensions Regulator (TPR) that we were unable to send 2,600 Annual Benefits Statements (ABS's) due on 31 August 2020 and that we would be working with WYPF to gather the data necessary for the 2021 statements. TPR decided to take no action on this occasion. We also reported that due to an error by Payroll, a further 1,660 ABS's had to be re-issued in September 2020 to correct an overstatement in earnings.

Reviews of the records inherited by WYPF identified 59 deleted members records where no reason for deletion had been retained. Investigation identified that almost all were duplicate records properly deleted but the absence of any audit trail is a concern. However, a report to the Information Commissioners Office (ICO) confirmed that no further action is required by the ICO. Annual backups of membership records back to 2014 will be retained to enable records to be recreated if this is necessary.

In the run up to the 2022 triennial valuation, we will be using the actuaries' portal during 2021 to test the completeness and validity of the membership data.

No issues arose with Pension Saving Statements in the year and work to assist staff deal with the consequence of late statements for previous years is now largely complete.

Good progress has been made in tackling the backlog of admissions, bonds and cessations, with quarterly reports to Pension Fund Committee. WYPF performance as administrator has consistently achieved target service standards in 2021.

This area will be scrutinised by the Local Pension Board and the Pension Fund Committee and will not be a matter for the AGS in 2021/22.

## **7.8 Annual Internal Audit Opinion; Reasonable Assurance – Key Findings**

Each year the work of Internal Audit is summarised to give an overall opinion on the system of internal control and corporate governance within the Council. This is a requirement of the Public Sector Internal Audit Standards (PSIAs). The Opinion covers the internal audit work completed delivering the 2020/21 audit plan to 31 March 2021, including the work completed more recently to complete the audits that were delayed due to the COVID-19 response.

In 2020-21 the annual opinion overall is **Reasonable Assurance**. This is consistent with 2019/20 and an improvement on the previous two years, 2018/19 and 2017/18, when Limited Assurance was given.

Improvements have been shown during the year, particularly over key financial systems, and it is the Head of Internal Audit Opinion that the overall rating of Reasonable Assurance is appropriate. Although some high risk rated weaknesses were identified in individual assignments these are broadly isolated to specific

systems or processes. Further improvements are required to improve the adequacy and effectiveness of governance and control compliance in particular areas.

The key findings from the audits have been grouped into four themes in the Opinion which will be a continued focus of Internal Audit work in 2021/22:

- a) Financial control and fraud risk;
- b) Compliance / Policies & Procedures;
- c) Roles and responsibilities and staff training; and
- d) Oversight and governance arrangements.

## **7.9 Barnet's Fire Safety**

Following the tragic fire on 14 June 2017 at Grenfell Tower in the Royal Borough of Kensington and Chelsea, this was identified as a significant governance issue and has been included in the Annual Governance Statements since. Activities to address fire safety matters continue to be coordinated across the council through a fire safety working group of officers whom report to Housing & Growth Committee regularly<sup>24</sup>.

The Council is undertaking a £51.9m investment programme to improve fire safety in Council homes and, despite some Covid-19 related delays, this has progressed well during 2020/21, with £34m of the total budget now spent. Detailed building and fire safety inspections of medium and low-rise residential council buildings are also being undertaken.

Large Council blocks that were built using the Large Panel System (LPS) construction method have been surveyed, with findings of significant issues. Some of the affected buildings have been completely vacated with mitigation works being undertaken at others.

In 2020/21 the Council completed the data collection exercise regarding the external wall coverings of all residential buildings in the borough that are 18 metres or more in height. Several landlords in the private sector chose not to respond to requests for further information and enforcement processes will begin in 2021 to address these shortcomings.

For building that are under 18 metres, there will be a risk based approach in addressing issues. A survey has been undertaken and for Council buildings, with funding set aside to address concerns. For private sector buildings under 18 metres, a special projects request has been issued to Re to undertaken some more survey work.

Several specific blocks of concern continue to be closely monitored and in late 2020/21 the fire authority notified the council that some further joint inspections

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<sup>24</sup> Housing and Growth Committee, 24 November 2020 – item 14  
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?Cid=696&Mid=10227&Ver=4>

will be required to address issued identified and progress with recladding. A register of sites in is under development and continuously updated to ensure dynamic risk management is undertaken and progress with improvements is being delivered. There will also be an internal audit undertaken later in the year on Fire Safety in Private Residential blocks.

This issue is regularly reported to the Housing & Growth Committee and will continue to be monitored through the Annual Governance Statement during 2021/22.

## 8 CONCLUSION

The Council has faced significant challenges in 2021/22 to maintain existing services and respond to the Covid-19 pandemic. Members and officers have ensured that existing governance issues and risks have continued to be monitored and that there has been no weakening of the council's governance arrangements during this time.

As detailed in Section 7 above, several issues will carry forward to be monitored in 2021/22. In addition, the Council intend to:

Undertake a review against the Centre for Governance and Scrutiny Governance Risk and Resilience Framework<sup>25</sup>; and  
Ensure that all recommendations made by The Committee on Standards in Public Life Local Government on Local Government Ethical Standards (January 2019) have been fully implemented<sup>26</sup>.

To summarise, the following governance issues will be key to the council's key priorities and focus in 2021/22: -

1. Governance Risk and Resilience Framework
2. Local Government Ethical Standards
3. Covid-19 including Recovery Planning and Financial Sustainability
4. Emergency Planning and Organisational Preparedness
5. Improvement of Key Services Delivered via the Capita CSG and RE Contracts
6. Governance of Major Capital Programmes
7. Financial Controls
8. Financial Risk
9. Annual Internal Audit Opinion – Key Findings:
  - a) Financial control and fraud risk;

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<sup>25</sup> [www.cfgs.org.uk/governancerisk](http://www.cfgs.org.uk/governancerisk)

<sup>26</sup> Constitution and General Purposes Committee, 12 October 2020, Item 10, Appendix A:  
<https://barnet.moderngov.co.uk/ieListDocuments.aspx?Cid=174&Mid=10215&Ver=4>

- b) Compliance / Policies & Procedures;
- c) Roles and responsibilities and staff training; and
- d) Oversight and governance arrangements.

#### 10. Fire Safety

Over the coming year the Council will be taking steps to address the matters outlined in this Annual Governance Statement and addressed within the Annual Internal Audit Opinion to further enhance governance arrangements and control compliance within the authority.

We are satisfied that these steps will address the need for improvements that have been identified and we will monitor their implementation and operation through appropriate committees throughout the year as well as part of the next annual review.

The Council will also continue to ensure elected Members are kept fully briefed of any new significant issues that may arise in year.

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# London Borough Barnet Code of Corporate Governance 2021/22



Governance comprises the arrangements put in place to ensure that the intended outcomes for citizens and stakeholders are defined and achieved.

To deliver good governance within the Council, all councillors, officers and partners should strive to achieve the Council's objectives while acting in the public interest. This should result in positive outcomes for service users and other stakeholder's

The Council should keep governance arrangements up to date and relevant. The main principle underpinning the development of the new Delivering Good Governance in Local Government Framework 2016 (CIPFA/Solace) continues to be that local government is developing and shaping its own approach to governance, taking account of the environment in which it now operates. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources, in order to achieve desired outcomes for service users and communities.

As outlined in the CIPFA Framework, the governance processes and structures focus on achieving economic, societal, and environmental outcomes.. Furthermore, the focus on sustainability and the links between governance and public financial management are crucial – the Council recognises the need to focus on the long-term. The Council has responsibility to more than their current electors and should take account of the impact of current decisions and actions on future generations.

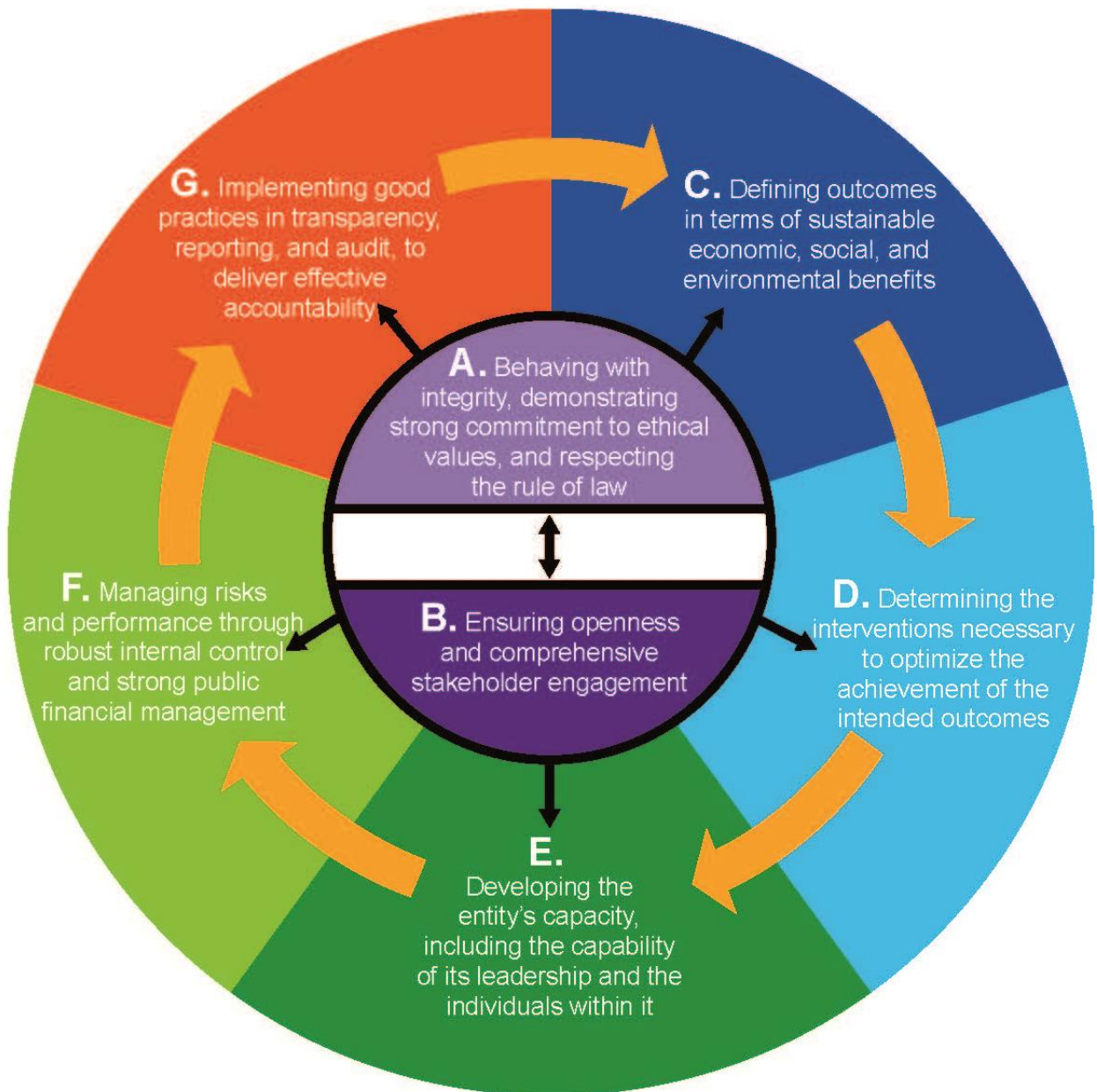
The core principles and sub-principles of good governance and how they are met at Barnet are set out in the table below. However, good governance cannot be achieved by rules and procedures alone. Shared values that are integrated into the culture of the organisation, and are reflected in both behaviour and policy, are hallmarks of good governance.

The Council produces an Annual Governance Statement to report publicly on the extent to which the Council complies with its local code and this is a statutory requirement.



## Principles of Good Governance

### *Relationships between the Principles for Good Governance in the Public Sector*



## A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Supporting Principles	How the Principles are met by the Council
Ensuring Members behave with integrity and develop robust policies which place emphasis on agreed ethical values.	The Principles of Public Life are established within the Members Code of Conduct. The Code outlines the behaviours and values that are required when acting in the capacity of an elected Councillor. The Council's Monitoring Officer is responsible for promoting and maintaining high standards of conduct.
Seeking to establish, monitor and maintain the Council's ethical standards and performance.	<p>Under the Localism Act the Council has a duty to promote and maintain high standards of conduct by Members of the authority.</p> <p>The Constitution &amp; General Purposes Committee consider and make recommendations to Council on how it can satisfy the continuing duty to promote and maintain standards of conduct by Members, as well as ethical standards in general across the authority.</p> <p>A Standards Committee is in place to investigate and determine allegations of any breaches of the code.</p>
Ensuring that external providers of services on behalf of the Council are required to act with integrity and in compliance with ethical standards.	Contractors must act in compliance with all relevant council policies and the law.
Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.	All committee reports are subject to clearance procedures, to ensure decisions taken are compliant with the budget and policy framework, the law and the council's constitution. Comprehensive schemes of delegation are in place detailing how chief officers will discharge the statutory powers within their remit. The Assurance Group is responsible for governance and

	compliance and includes Internal Audit, Governance and the statutory Monitoring Officer. Members oversight is through the council's formal governance arrangements, primarily theme committees and their review of financial and corporate performance information, the Audit Committee, the Constitution & General Purposes Committee and Full Council.
Dealing with breaches of legal and regulatory provisions effectively.	Appropriate action is taken by the Council's legal services (Harrow & Barnet Public Law) with oversight by the Monitoring Officer in liaison with officers within the Assurance Group.
Ensuring corruption and misuse of power are dealt with effectively.	The Monitoring Officer and Corporate Anti-Fraud Team investigate all allegations of fraud and irregularities across the council and its partners.

## B. Ensuring openness and comprehensive stakeholder engagement.

Supporting Principles	How the Principles are met by the Council
Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used.	Committee reports cover the options available and the reasons for recommendations. Every report sets out why the report is needed, reasons for the recommendation(s) and alternative options considered but not recommended. The formal minutes of the meeting will record the reasons for Members decisions, which are then published on the council's website. Delegated powers reports by officers also record reasons for decisions.
Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully.	Where formal partnerships exist between institutional bodies, joint strategies and plans are developed in a collaborative way and jointly adopted through a joint body. Examples include the Safer Communities Strategy (agreed by the Safer Communities Partnership Board) and Health & Wellbeing Strategy (agreed by

<p>Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively.</p>	<p>the Health &amp; Wellbeing Board). In addition, the councils recently updated, Project Management Guidance provides advice on stakeholder engagement.</p>
<p>Ensuring that partnerships are based on trust, a shared commitment to change, a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit.</p>	<p>A number of partnerships are in place to support work in specific joint areas including community safety (Safer Communities Partnership Board), health and social care (Health &amp; Wellbeing Board), improving the wellbeing of Children across the Borough (Barnet Children's Partnership Board) and sub-regional joint working (West London Economic Prosperity Board).</p>
<p>Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service provision is contributing towards the achievement of intended outcomes.</p>	<p>A Consultation &amp; Engagement Strategy is in place which details the type of decisions that the council will consult on, who we will consult with and how feedback will inform decisions taken. Consultation takes place on any issue that affects residents such as service or policy changes, or various statutory processes (such as planning, traffic or highways matters).</p>

### C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

Supporting Principles	How the Principles are met by the Council
<p>Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions.</p>	<p>The Barnet Corporate Plan 2021-2025 sets out the four priorities for the Borough, to be clean, safe and well run, family friendly, healthy and thriving. The plan outlines these priorities and how the council will work to achieve them.</p> <p>The Budget for 2021/22 and Medium-Term Financial Strategy 2021-25 outlines how resources will be aligned to the strategic outcomes set out in the Barnet Corporate Plan. Performance indicators are also regularly reported to the Policy &amp;</p>

	<p>Resources Committee and theme committees.</p> <p>In response to the Covid-19 pandemic, a programme has been set up to co-ordinate recovery activity across the organisation. This has been based on the four workstreams of the Barnet Plan and provides regular updates to Council Management Team.</p>
<p>Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer.</p>	<p>Impact of decisions will be evidenced in council committee reports and in delegated powers reports.. Equality issues will be further evaluated within equality impact assessments.</p>
<p>Delivering defined outcomes on a sustainable basis within the resources that will be available.</p>	<p>The Barnet Corporate Plan and Budget and Medium-Term Financial Strategy set out the council's strategic priorities and how resources will be allocated to support these.</p> <p>All committee reports must include a section on any implications any decisions or recommendations will have on resources.</p>
<p>Identifying and managing risks to the achievement of outcomes.</p>	<p>Risk Management Framework is in place and a Corporate Risk Register is maintained, which is published as part of the Annual Business Planning report taken to Policy &amp; Resources Committee. Mitigating actions are put in place where required. Risks are reported periodically to Executive Directors, the Policy &amp; Resources Committee, Financial Performance &amp; Contracts Committee and other theme committees.</p>
<p>Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available.</p>	<p>Where appropriate, and in compliance with statutory duties, public consultation is carried out with service users. The Council also maintains an effective Citizens Panel which informs priorities and resource allocation.</p>



Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision.	Committee reports cover this principle and strategic cross-borough planning is also undertaken in liaison with the Mayor of London and the West London Economic Prosperity Board.
Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.	Committee reports cover this principle, with alternative options considered and implications of all decisions being outlined in every report. The Medium Term Financial Strategy also covers these principles.
Ensuring fair access to services.	Committee reports will cover equality legislation and ensure that decision-makers are aware of impact upon citizens with the protected characteristics. Equality impact assessments are completed where relevant. The Council also ensures impacts on other disadvantaged local citizens are considered.

#### D. Determining the interventions necessary to optimise the achievement of the intended outcomes

Supporting Principles	How the Principles are met by the Council
Determining the right mix of corporate (legal, assurance, regulatory, and finance) interventions to ensure intended outcomes are achieved.	The Chief Executive in liaison with Chief Officers carries out this determination quarterly, in liaison with chief officers.
Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.	Committee reports detail post-decision implementation steps. If outcomes are not delivered, the relevant chief officer will ensure that the decision is reviewed, and remedial steps taken.
Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and of associated risks –	Chief Officers and their direct reports evaluate options and give appropriate advice to decision-makers. Committee reports include sections on 'Alternative options considered and not

therefore ensuring best value is achieved however services are provided.	recommended', 'implications of decisions' and 'Risk management'.
Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available.	Feedback from public consultations and the Citizens Panel is set out within relevant committee reports and delegated powers reports and used to inform decision making..
Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.	Quarterly reporting to the Policy & Resources Committee, theme committees and Financial Performance & Contracts Committee including results of key performance indicators and the management of strategic contracts. In addition, an annual planned programme of work is undertaken by Internal Audit.
Considering and monitoring risks facing each partner when working collaboratively, including shared risks.	Shared risks are identified in a register and reviewed at least quarterly; significant risks facing each partner are subject to quarterly review.
Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances.	When making a decision, or making recommendations to Members regarding a preferred option, chief officers take into account the following: delivery of high-quality services; value for money; and the scope to vary arrangements to take into account changing circumstances.
Establishing appropriate key performance indicators (KPIs).	The Corporate Plan details the KPIs required to deliver the council's objectives.
Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.	As set out within the Constitution's Financial Regulations and the Medium-Term Financial Strategy. –

## E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

Supporting Principles	How the Principles are met by the Council
<p>Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness.</p>	<p>An Asset Management Plan is in place, which provides a strategic approach to the management of property assets (approved and overseen by the Housing and Growth Committee). Performance reports are presented to all theme committees and to the Financial Performance &amp; Contracts Committee, which detail KPIs and financial monitoring. Chief Officers are responsible for the performance of services within their remit and a Commercial Team is in place for oversight and management of key strategic contracts.</p>
<p>Improving resource use through application of techniques such as benchmarking to determine how resources are allocated so that defined outcomes are achieved effectively.</p>	<p>CIPFA benchmarking exercises are undertaken across the Council. Best practice reviews are undertaken as part of service improvement initiatives.</p>
<p>Recognising partnership benefits and collaborative working where added value can be achieved.</p>	<p>Full engagement through the Barnet Partnership Board, sub-regional partnerships (such as the West London Alliance), the Mayor of London and Greater London Assembly, London Councils and with public sector partners, particularly Health and the Police.</p>
<p>Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body.</p>	<p>The council's Constitution is explicit about which decisions are reserved to Council or committees and which are delegated to officers. Chief officers maintain schemes of delegated authority that are published and regularly updated.</p>
<p>Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and</p>	<p>The council's Constitution details the roles and responsibilities of the leader (Article 6) and chief executive (Article 9). The leader and councillors set the councils' priorities and strategic direction; the chief executive</p>



<p>managing the delivery of services set by members.</p>	<p>is responsible for delivering these priorities, supported by chief officers.</p>
<p>Developing the capabilities of members and officers, including induction, continuing professional development training, and lessons learnt from governance weaknesses.</p>	<p>A Member Development Programme is agreed and implemented during each council cycle. Members must attend mandatory training before serving on some committees and are strongly encouraged to keep their knowledge and skills up to date in relation to the committees that they serve on. A comprehensive induction programme is provided to all new Councillors following the local elections, as well as following any by-elections. The Council has now achieved chartered status for its member development programme and will be working with Councillors towards the achievement of Charter Plus status.</p> <p>Officers have an induction programme, a corporate learning and development programme and an e-learning Hub is in place. Where governance weaknesses are identified, remedial actions are put in place and delivery is monitored.</p>
<p>Ensuring that there are structures in place to encourage public participation.</p>	<p>Public participation rights are set out in the Constitution (Article 3); decisions that affect residents are usually the subject of public consultation.</p>
<p>Holding staff to account through regular performance reviews which take account of training or development needs.</p>	<p>Performance Related Pay is in operation within the Council. Performance Reviews take into account training / development needs and ensure that these are addressed.</p>
<p>Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.</p>	<p>Arrangements are put in place by Human Resources with oversight by the Constitution &amp; General Purposes Committee (which has responsibility for HR matters).</p>

## F. Managing risks and performance through robust internal control and strong public financial management

Supporting Principles	How the Principles are met by the Council
Implementing robust and integrated risk management arrangements and ensuring that responsibilities for managing risks are clearly allocated.	A Risk Management Framework is in place, with officer responsibilities clearly allocated. Strategic risks are reported to the Policy & Resources Committee, theme committees, the Financial Performance & Contracts Committee and chief officers.
Monitoring service delivery effectively including planning, specification, execution and independent post implementation review.	Chief Officers are responsible for delivering services within their respective portfolios including specifying outcomes/outputs, monitoring performance, contract management and post-implementation reviews. Internal Audit provide independent assurance on key financial systems and areas of service delivery on a risk-based approach.
Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook.	All committee reports and delegated powers reports require information on relevant risks and how these will be managed.
Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making.	A 'Committee System' governance structure is in place (distinct from a Leader/Cabinet model) which permits cross-party political discussion at all committee meetings on major strategic decisions. All Members are entitled to submit one Members item for an agenda for a meeting of a committee or sub-committee on which they serve. Members are also entitled to attend and speak at any committee meeting by giving notice to the Chairman before the start of the meeting.
Providing Members and senior management with regular reports on service delivery plans and on progress towards outcome achievement.	Regular reports are taken to the Policy & Resources Committee, theme committees, the Financial Performance & Contracts Committee. Chief Officers are provided regular updates and reports via the Council Management Team meetings.

Ensuring effective counter fraud and anti-corruption arrangements are in place.	Responsibilities are set out within the Constitution and Code of Conduct. In addition, the Corporate Anti-Fraud Team is in place within the Assurance Group with the necessary specialist skills to undertake various types of fraud and anti-corruption investigations.
Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.	Assurance undertaken by Internal Audit within the Assurance Group with a plan of work being approved by the Audit Committee on an annual basis.
Ensuring an Audit Committee or equivalent group function provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment.	Assurance provided by the Policy & Resources Committee, theme committees, the Financial Performance & Contracts Committee and also by the Audit Committee.
Ensuring effective arrangements are in place for data use and storage and when sharing data with other bodies.	Arrangements in place with the Information Management Team and Insight and Intelligence Team.

### G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Supporting Principles	How the Principles are met by the Council
Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style.	Report writing guidance is in place to clarify information required in each section of reports. Officers, via the report clearance process, review the content and structure of reports to ensure that they can be understood by the public and stakeholders. The Governance Service offers report writing workshops to departments across the council, to provide advice and training on how to ensure reports are easy to understand not unnecessarily complex. It is acknowledged that this is an area for continuous improvement.

<p>Providing sufficient information to satisfy transparency demands while not being too onerous for users to read and understand.</p>	<p>The Open Barnet data portal can be accessed via the council's website. Published datasets and other information of interest can be searched via one searchable database for anyone to access.</p>
<p>Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement.</p>	<p>The Council produces an Annual Governance Statement, which provides a self-assessment of compliance with the Framework and actions which need to be undertaken to address any governance or practice weaknesses identified. The statement is reported to the Audit Committee.</p>
<p>Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate.</p>	<p>Included within Assurance and Barnet Group protocol arrangements.</p>
<p>Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon.</p>	<p>In place through Internal Audit and the tracking of recommendations via quarterly Audit Committee reporting.</p>
<p>Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the Annual Governance Statement.</p>	<p>Via contract clauses within our contracts with Capita, CSG Re, BELS (Barnet Education &amp; Learning Service) and the Barnet Group the council have the right of access to their records and internal audit reports. The council can also undertake our own audits of their systems and processes and this right is exercised, with protocol / liaison meetings in place to support this.</p> <p>Chief Officer structure details accountability lines for services and portfolios of activity. Public accountability requirements are met via publication of committee information on the website, opportunities for public participation, consultation on key decisions, Freedom of Information requests and information on the Open Data Portal.</p>

## Audit Committee

AGENDA ITEM 10

14h July 2021



**Title**

### Corporate Anti-Fraud Team (CAFT) Q1 Progress Report 2021-22

**Report of**

Clair Green – Assurance Director

**Wards**

All

**Status**

Public

**Urgent**

**Key**

**Enclosures**

*Appendix 1 - CAFT Q1 Progress Report  
1st April – 30<sup>th</sup> June 2021*

**Officer Contact Details**

**Clair Green**

**clair.green@barnet.gov.uk**

**0208 359 7791**

### Summary

This report covers the period 1st April to 30<sup>th</sup> June 2021 and represents an up-to-date picture of the work undertaken by Corporate Anti-Fraud Team (CAFT) during that time

### Officers Recommendations

1. That the Committee note the CAFT Progress Report covering the period 1st April – 30<sup>th</sup> June 2021

## **1. WHY THIS REPORT IS NEEDED**

- 1.1 The Audit Committee included in the work programme for 2021/22 that a quarterly report on the work of the Corporate Anti-Fraud Team is produced to this meeting.

## **2. REASONS FOR RECOMMENDATIONS**

- 2.1 N/A

## **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1 **None**

## **4. POST DECISION IMPLEMENTATION**

- 4.1 None

## **5. IMPLICATIONS OF DECISION**

### **5.1 Corporate Priorities and Performance**

- 5.1.1 The Council has a responsibility to protect the public purse through proper administration and control of the public funds and assets to which it has been entrusted. The work of the Corporate Anti-Fraud Team (CAFT) supports this by continuing to provide an efficient value for money anti-fraud activity that is able to investigate all referrals that are passed to them to an appropriate outcome. They offer support, advice and assistance on all matters of fraud risks including prevention, fraud detection, money laundering, other criminal activity, and deterrent measures, policies and procedures. The aim of the team is to deliver a cohesive approach that reflects best practice and supports all council's corporate priorities and principles.

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

- 5.2.1 The structure and budget that CAFT operate within has proven successful and provides sufficient resource and commitment that is required to carry out an effective anti-fraud service and deliver the key objectives as set out within the strategy.

### **4.2 Social Value**

- 4.2.1 **N/A**

### **5.3 Legal and Constitutional References**

5.3.1 Under Section 151 of the Local Government Act 1972 the Council has a statutory obligation to ensure the protection of public funds and to have an effective system of prevention and detection of fraud and corruption.

5.3.2 The Council's Constitution under Responsibility for Functions - The Audit Committee's terms of reference, details the functions of the Audit Committee including:

- To monitor the effective development and operation of the Council's Corporate Anti-Fraud Team; and
- To consider regular anti-fraud progress reports and summaries of specific fraud issues and investigation outcomes.

5.3.3 There are no Legal issues in the context of this report.

#### 5.4 **Risk Management**

5.4.1 The on-going work of the CAFT supports the council's risk management strategy and processes. Where appropriate, outcomes from our investigations are reported to both Internal Audit and Risk Management to support their on-going work and to assist in either confirming effective anti-fraud controls and or suggested areas for improvement.

#### 5.5 **Equalities and Diversity**

5.5.1 Pursuant to section 149 of the Equality Act, 2010, the council has a public-sector duty to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between those with a protected characteristic and those without; promoting good relations between those with a protected characteristic and those without. The, relevant, 'protected characteristics' are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. It also covers marriage and civil partnership with regard to elimination discrimination

5.5.2 Effective systems and policies relating to anti-fraud provide assurance on the effective allocation of resources and quality of service provision for the benefit of the entire community.

#### 5.6 **Corporate Parenting**

5.6.1 N/A

#### 5.7 **Consultation and Engagement**

5.7.1 None

#### 5.8 **Insight**

5.8.1 N/A

**BACKGROUND PAPERS**

- 6.1 Delegated Powers Report (ref: BT/2004-05 -2 March 2004) - The Corporate Anti-Fraud Team (CAFT) was launched on 7th May 2004.
  - 6.2 Audit Committee 16<sup>th</sup> July 2019 (Decision item 14) the Audit committee included in the Committee Forward Work Programme that quarterly progress report on the work of the Corporate Anti-Fraud Team be produced to this meeting.
-



## **Corporate Anti-Fraud Team (CAFT) Progress Report: 1 April 2021 – 30 June 2021**

# EXECUTIVE SUMMARY

This report is to provide a summary on the outcome of all CAFT work undertaken during 1 April 2021 to 30 June 2021 and represents an up-to-date picture of the work undertaken, including CAFT progress and outcomes set against the objectives as set out in our annual strategy and work plan.

All CAFT work is conducted within the appropriate legislation and through the powers and responsibilities as set out within the financial regulations section of the Council's constitution. CAFT supports the Chief Finance Officer (and Section 151) Officer in fulfilling their statutory obligation under section 151 of the Local Government Act 1972 to ensure the protection of public funds and to have an effective system of prevention and detection of fraud and corruption. It supports the Council's commitment to a zero-tolerance approach to fraud, corruption, bribery, and other irregularity including any Money Laundering activity.

This last year has been subject to the working conditions brought about by the Covid-19 pandemic, which saw CAFT officers work from home and, for large parts of the year, being unable to carry out formal PACE interviews, take witness statements or visit suspected offenders in their home addresses. Because of this CAFT has had to carry out more "desk based" investigations and duties and modify the way it works to engage with the members of the public. In addition to this the UK Courts suspended cases being heard and prioritised only the most serious cases where hearings were essential.

As the Covid-19 restrictions begin to lift, CAFT are slowly returning to business as usual and have recommenced carrying out home visits and face to face interviews, both in the community and in the dedicated interview rooms in Colindale.

**Despite these** challenges the **Corporate Fraud Team** investigated **94** cases of alleged fraud. These investigations resulted in **6** School places being denied, **7** Covid Grants being denied (valued at £70,000) as well as several recovery cases within the Council Tax department.

CAFT continue to work closely with the Finance unit to offer assurance against the Covid-19 Grant scheme and are currently undertaking both pre-payment checks and a post assurance exercise, to confirm that funds were paid correctly.

The **Concessionary Travel Fraud** Team has investigated **107** cases of alleged Blue Badge misuse as well as Blue Badge and parking permits fraud as well as fraudulent appeals relating to penalty charge notices (PCNs). There are several cases that are currently being progressed to formal interviews and legal actions, now that Covid-19 restrictions have eased.

The team has also put in a place a new working protocol with Parking Services to ensure that every PCN, issued against a Blue Badge and subsequently appealed, has assurance that the badge was not being misused in the first instance.

The **Tenancy Fraud team** has continued to work in challenging conditions this quarter, however they have still investigated **262** cases of alleged Tenancy Fraud. They were responsible for prosecuting a case of illegal subletting and preventing **4** Right to Buy applications due to the applicants not being eligible to purchase under the scheme. In addition to this Tenancy fraud officers prevented **1** new housing application that were submitted by persons who were not eligible to be housed and prevented **4** succession applications from proceeding. Other cases continue to progress, as the ability to interview suspected offenders gathers pace.

In addition to the specialist Financial investigative role, CAFT continue to provide advice and support to every aspect of the organisation including its partners and contractors. This advice varies between fraud risk,

prevention and detection, money laundering and other criminal activity as well as misconduct and misuse of public funds. Some of the matters will progress to criminal investigation and others will not, but in all cases appropriate actions, such as disciplinary or recovery action is taken. It is this element along with the 'preventative – deterrent' nature of the CAFT work that is hard to quantify statistically but where possible we have done so in the performance indicators section of this report.

Despite the impact of the Covid-19 pandemic, we are confident that CAFT will continue to provide an efficient value for money counter fraud service and has demonstrated that it is able to successfully investigate all types and levels of fraud referrals to an appropriate outcome.

**Other information reported as per requirements of policy.**

Number of requests authorised for surveillance in accordance with Regulation of Investigatory Powers Act 2000 (RIPA).	<b>0 this Quarter.</b> This statistic is reported for information purposes in accordance with our policy and statistical return to the Office of Surveillance Commissioners.
Number of referrals received under the council's whistleblowing policy.	<b>0 this Quarter</b>

# CORPORATE FRAUD

There have been **94** cases dealt with in **Quarter one** of 2021-22 relating to Fraud against services provided by the Council or within Service Areas

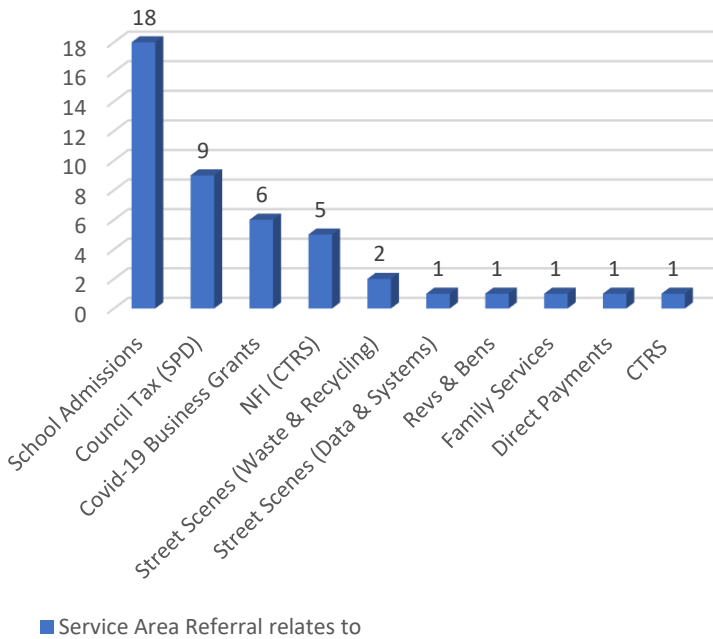
**49** cases carried forward from 2020-21

**45** New referrals received in quarter 1

**46** cases were closed in quarter 1

**48** on-going investigations

## New Referrals received in Quarter 1

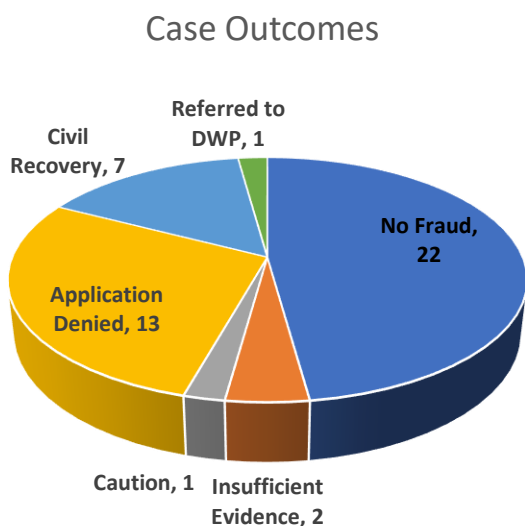



The total number of new referrals in quarter one shows a **28%** increase compared to quarter one of last year

The highest number of referrals in this quarter relate to **School Admissions Fraud**. This is due to a pro-active review that took place in partnership with School Admissions and Ashmole School due concerns over false applications

There has been an increase in referrals relating to Council Tax Fraud as well as an improved and closer working relationship with the Council Tax team.

## Closed cases in Quarter 1



**1** Caution \* refer to noteworthy cases 

**13** Applications denied 

- 6 School Admissions places denied
- 7 Covid-19 Business Grants denied (**£70,000** in Fraud prevented)

**7** Civil Recovery 

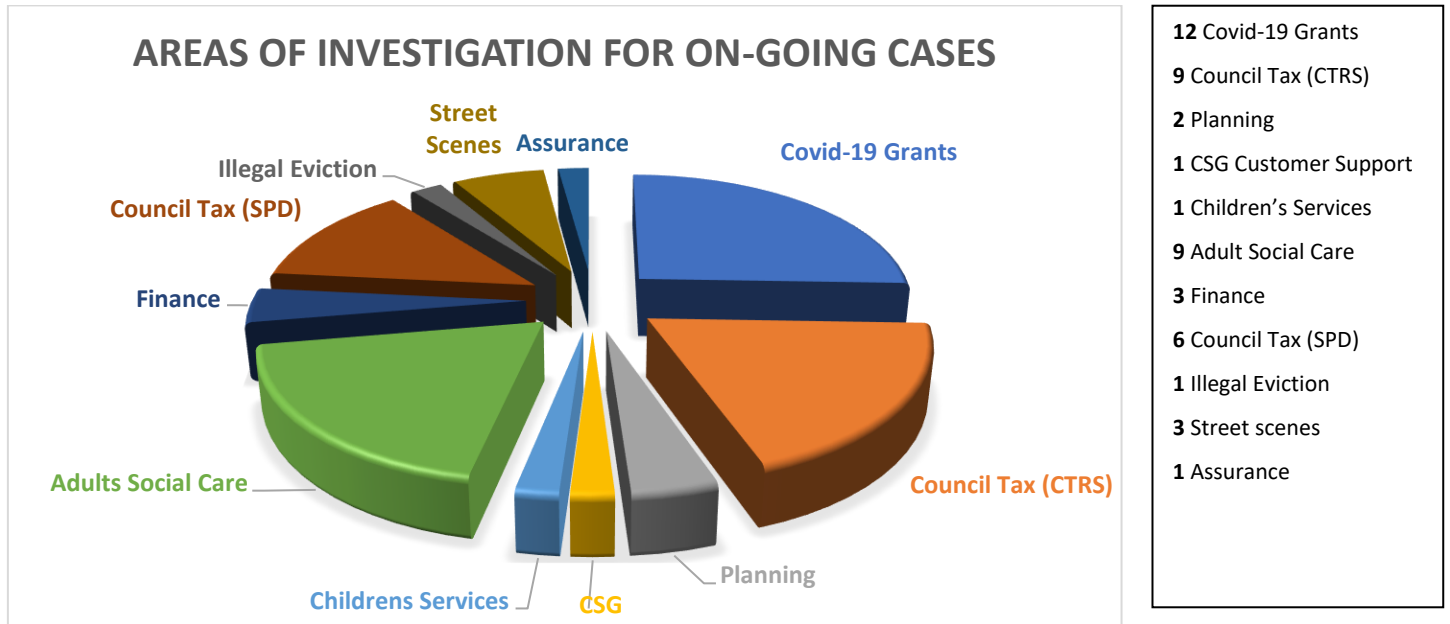
- 5 Single Person discounts (SPD) removed from Council Tax accounts resulting in **£3,988.32** to be recovered
- 2 relate to Council Tax Support (CTRS) (**£11,731.36** to be recovered)

**22** No Fraud

**2** Insufficient Evidence

**1** Referred to DWP

## On-going investigations



## Noteworthy Corporate Cases

**Case 1** – A referral had been received alleging that Barnet refuse Operatives had been loading excess waste for a Business in exchange of items of value. The Business owner had left large amounts of excess trade waste outside his shop contrary to Section 33(1)(a) of the Environmental Protection Act 1990.

The excess waste was collected by Barnet refuse employees in exchange for food and drink. CCTV evidence is available from the refuse lorry showing the crew loading up large amounts of excess waste which was not in accordance with the Trade Waste Agreement in place with the Business over a period of two months. The Business had a trade waste agreement for one 1100 litre bin to be collected twice a week.

CAFT Officers attended the Business premises and had witnessed excess waste being collected and the Barnet employees taking food and drink without payment. The shop owner had advised when questioned that this arrangement had been in place with Barnet Council refuse workers for over five years. It was happening prior to him taking ownership. He admitted that this was wrong and co-operated with the investigation against the LBB employees by providing a statement confirming the arrangement.

A new Trade Waste agreement has been assessed and the business now has three bin collections per week, generating an extra income of £1,045.62 per year to the London Borough of Barnet. The defendant was issued with a **formal caution** and had paid £250 in investigation costs. A separate investigation into the conduct of the refuse workers is on-going.

**Case 2** – Mr R had applied to a Barnet Secondary school for his son to attend, providing evidence of residency within the catchment area of the London Borough of Barnet. As part of a review of applications made, working in conjunction with School Admissions and the school, this application was highlighted as suspicious. The CAFT investigation found that Mr R had supplied a counterfeit Tenancy Agreement and had changed his driving licence to make it appear that he was residing in the Borough. Mr R and his son lived outside of the Borough and therefore did not meet the requirements to attend the school. The application was denied.

**There were a further 5 school admission cases with similar outcomes.**

**Case 3** – An application for a Covid-19 discretionary Business Grant had been received in relation to a Business in the Borough. Proof of profit and loss and bank statements had been provided as well as a tenancy agreement for the office address. The application was checked and the CAFT investigation found that the agreement was fictitious and the accounts and bank statements did not show a financial loss from the Business since the lockdown on 23 March 2020, and as this was one of the criteria for a company to be eligible for the grant, the grant was denied resulting in a maximum saving of £10,000 to the Council

**There were 6 further covid grant cases with similar outcomes.**

# CONCESSIONARY TRAVEL FRAUD

This section details the investigation of Blue Badge Misuse, Blue Badge, Parking permits fraud and fraudulent appeals for Penalty Charge Notices (PCN's). Blue Badges can only be used by the named badge holder, or by a person who has dropped off or is collecting the badge holder from the place where the vehicle is parked. It is a criminal offence for anyone else to use a Blue Badge in any other circumstances.

There have been **107** cases dealt with in **Quarter one** of 2021-22 relating to Concessionary Travel Fraud

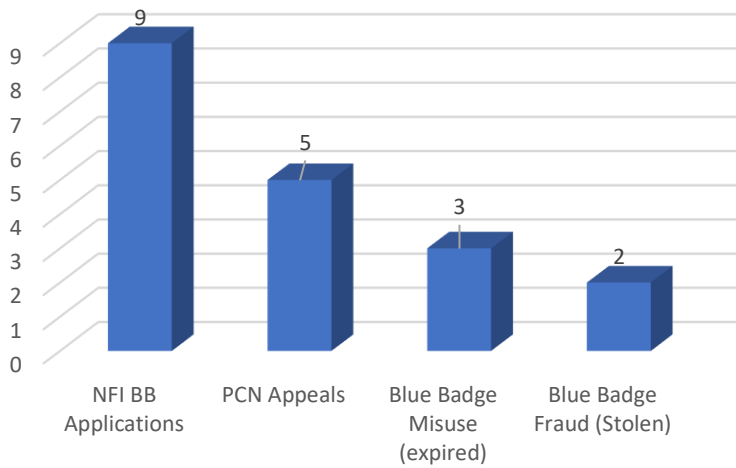
**88** cases carried forward from 2020-21

**19** New referrals received in quarter 1

**6** cases were closed in quarter 1

**101** on-going investigations

## New Referrals received in Quarter 1

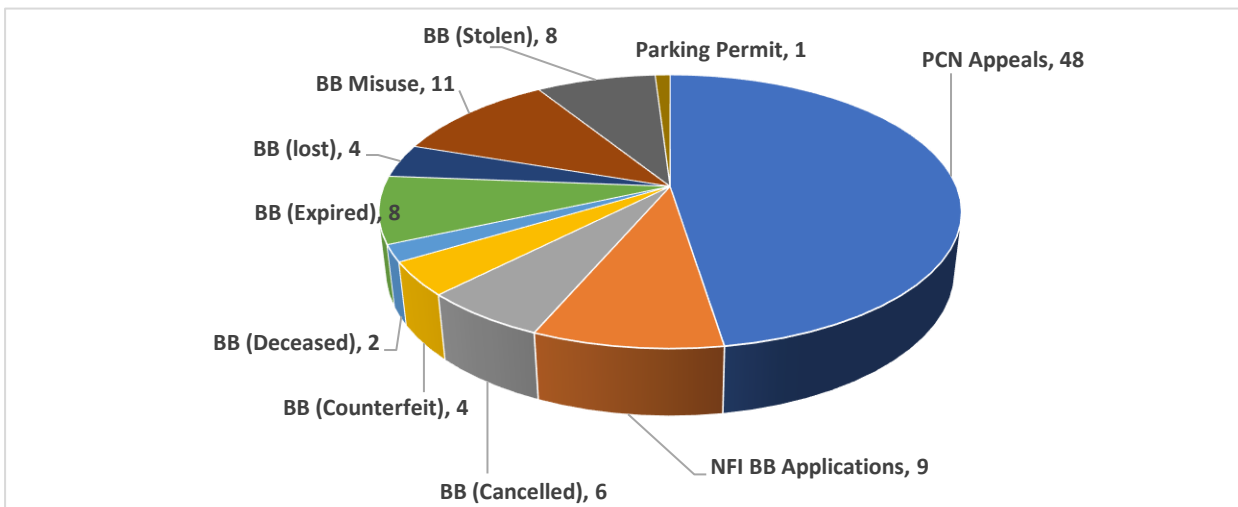


**47.4%** of new referrals in quarter 1 related to NFI matches identifying potential fraudulent applications for Blue Badges.

**26.3%** of new referrals in quarter 1 related to Blue Badge misuse or Fraud

**26.3%** of new referrals in quarter 1 related to PCN Appeals, this a newer area of fraud where appeals against parking fines are submitted using fraudulent documents to have fines cancelled

## On-going Investigations



## Closed cases in Quarter 1

**5** cases were closed Insufficient evidence

**1** case closed no fraud

# TENANCY FRAUD

The Tenancy Fraud team prevent, identify, investigate, deter, and sanction persons that commit Tenancy Fraud in Barnet, ensuring a maximum return of properties back to the Council and Social Housing Partners where Tenancy Fraud has been proven.

There have been **262** cases dealt with in **Quarter one** of 2021-22 relating to Tenancy Fraud

**140** cases carried forward from 2020-21

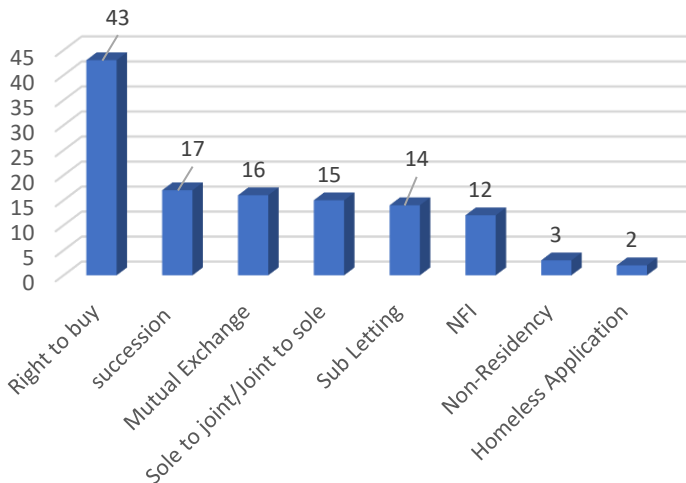
**79** New Fraud referrals received in quarter 1

**43** Right to buy applications for verification

**166** Cases were closed in quarter 1

**96** on-going investigations

## New Referrals received in Quarter 1



The total number of all new referrals in quarter one shows a **6%** increase compared to quarter one of last year

The total number of Right to Buy referrals in quarter one shows a **45%** increase compared to quarter one of last year

**10%** of new referrals in quarter one has been generated from the 2021/22 NFI program which was received at the end of March 2021.

## Closed cases in Quarter 1

**1** Prosecution  *\*see noteworthy*

**5** Insufficient Evidence

**4** Right to buy applications refused

**3** Referred to other

**2** Sole to Joint applications prevented

**61** Right to Buy Applications Verified

**1** Homeless application

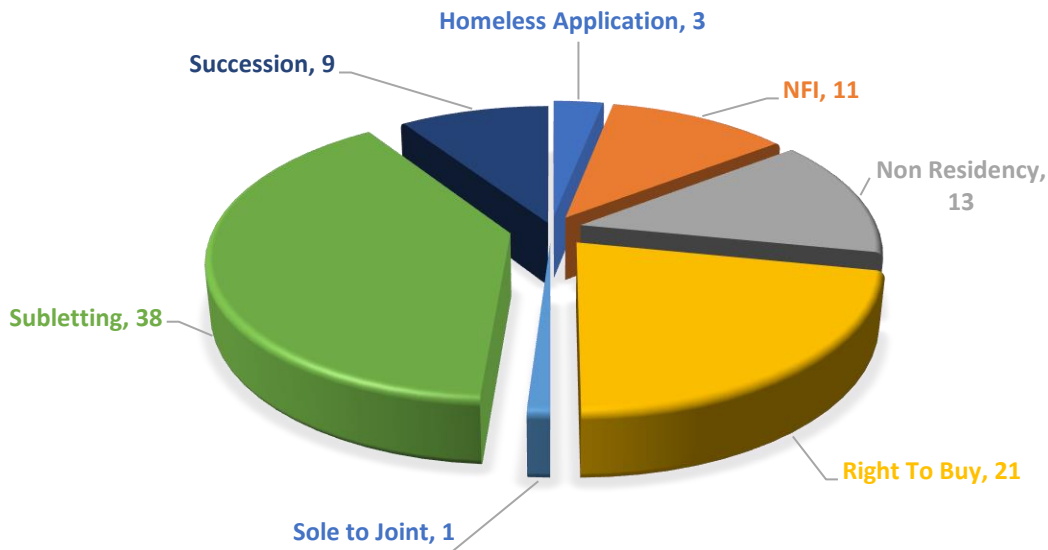
**85** No Fraud

**4** Succession Applications refused



## On-going Investigations

### AREAS OF INVESTIGATION FOR ON-GOING CASES



**38** Subletting  
**21** Right to Buy  
**13** Non-residency  
**11** NFI  
**9** Successions  
**3** Homeless Applications  
**1** Sole to joint tenancy application

**2** on-going investigations have had Properties recovered and are awaiting further action in the courts

Four Succession Housing applications were refused, resulting in a cost saving in temporary accommodation costs of **£126,029.18**.

This figure is broken down as follows:

Property 1 is a 1 bed unit. Savings = **£19,045.26**

Property 2 is a 1 bed unit. Savings = **£20,510.28**

Property 3 is a 1 bed unit. Savings = **£22,463.64**

Property 4 is a 3 bed unit. Savings = **£64,010.00**

(please see explanatory note below)

As a result of CAFT investigations four right to buy applications were stopped resulting in the properties being retained in council housing stock. Had the purchases been allowed to continue, LB Barnet would have offered a discount of **£112,800** on each property. This equate to the authority retaining an asset value of **£451,200**.

Two properties (1bed and 2bed) were recovered during Quarter one. This equates to a saving in temporary accommodation costs of **£39,556.54**

One criminal prosecution was concluded in quarter one \*see noteworthy

Taking into consideration the below figures, a calculation can be made which represents the saving to the Public Purse by securing the property back to stock and letting it to those in temporary accommodation.

The average weekly cost of Temporary Accommodation per bedroom size unit and average time to be accommodated in a secure tenancy within LB Barnet are:

1 bed = £244.17 @ 94 weeks = £22,951.98

2 bed = £297.94 @ 108 weeks = £32,177.52

3 bed = £346.00 @ 186 weeks = £64,356.00

4 Bed = £469.00 @ 194 weeks = £90,986.00

The following is an example:

1 bed tenancy, which is kept out of circulation due to denied succession = 12 weeks (taken from point in time that the lawful tenant passes away through to the eviction of the unlawful occupant).

Total cost of housing 1 bed unit for 12 weeks in TA = £2,930.04 (£244.17 x 12 weeks)

Saving = £20,021.94 (£22,951.98 (average cost) - £2,930.04(actual time the TA would have been required).



## Noteworthy Tenancy Fraud Cases

**Case 1 - Mr B** had been a Barnet council tenant since 2004. The property is a one bedroomed flat. A referral was received which stated that the tenant had moved out and was living with his partner and child in out of the Borough, whilst subletting the property to another male.

Evidence was obtained that showed that the tenant had been living at various addresses other than the Barnet tenancy since at least 2014. The evidence confirmed that his partner had purchased a house in 2017 and that this was where they were both resident. Credit information indicated that someone else was resident at the Barnet property. Bank statements obtained showed that the Barnet tenant was receiving £580 per month in rent.

The defendant was invited to attend an interview but declined, stating that there was no evidence against him. In December 2018, the property was recovered by way of eviction after the rents team had pursued a possession order based on the arrears. The defendant had previously avoided eviction by paying towards the arrears at Court, however CAFT provided a statement to support the rents team advising that a criminal investigation was also under way for subletting and that a stay of eviction should not be granted.

On 17<sup>th</sup> June 2021 Mr B pleaded guilty to an offence under Section 1 (2) Prevention of Social Housing Fraud Act 2013 (POSHFA) and was ordered to pay a total of £2904.86 which included a £500 fine, £50 victim surcharge and £2,354.86 prosecution costs.

**Case 2 - Mr E** had a two bedroom flat in Barnet, a referral was received from Metropolitan Thames Valley Housing advising that they suspected the tenant was subletting the property to a couple. The resulting CAFT investigation found that the tenant was in fact living elsewhere and had been since 2014, a family member was living at the social housing property and paying the rent to the tenant, from 2020 the tenant sub-let to another couple of paid him rent. The tenant was interviewed under caution where he admitted to living elsewhere and sub-letting. The matter is now being prepared for legal for prosecution under the Prevention of Social Housing Fraud Act 2013 for sub-letting the property. The loss to Barnet for the offence is £97,608.00 which we will look to recover.

**Case 3 - Mr J** had a one bedroom flat in Muswell Hill, a Right to Buy application was received from the tenant, however following background checks into the application someone other than the tenant was identified as linked to the address, whilst the tenant was linked to an address in Enfield. The resulting CAFT investigation found that the tenant was sub-letting the social housing property and receiving a monthly rent into his bank account. The tenant became aware of the investigation and returned the property. The investigation is ongoing, and the tenant will be interviewed under caution.

# FINANCIAL INVESTIGATIONS (FI)

A Financial Investigation under the Proceeds of Crime Act 2002 (POCA) ensures that any person(s) subject to a criminal investigation by Barnet do not profit from their criminal actions.

There have been **16** cases dealt with in **Quarter one** of 2021-22 relating to financial investigation

**15** cases carried forward from 2020-21

**1** New FI Cases opened in quarter 1

**0** FI cases closed in quarter 1

**16** on-going FI investigations

## New Referrals received in Quarter 1

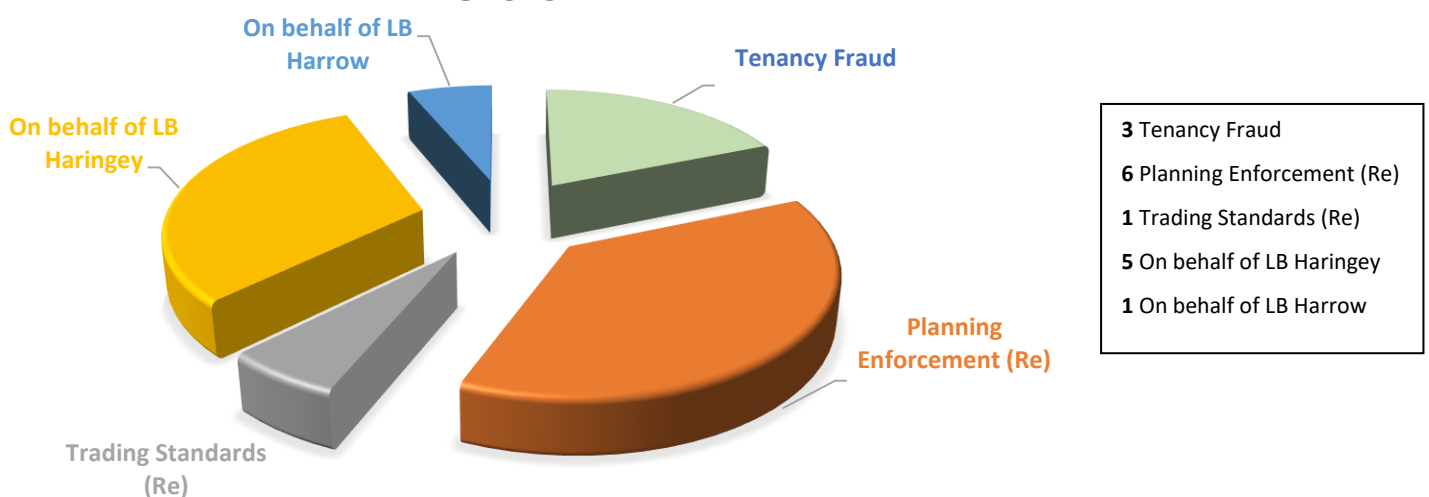


**1** New referral has been received under the joint working agreement with London Borough of Haringey

No Confiscation or Compensation orders were awarded in quarter one

## On-going investigations

### AREAS OF INVESTIGATION FOR ON-GOING POCA CASES





## Audit Committee

AGENDA ITEM 11

14 July 2021

<b>Title</b>	<b>Annual Report of the Audit Committee 2020-21</b>
<b>Report of</b>	Chairman of the Audit Committee
<b>Wards</b>	Not applicable
<b>Status</b>	Public
<b>Enclosures</b>	Appendix A – Annual Report of the Audit Committee 2020-21
<b>Officer Contact Details</b>	Clair Green, Director of Assurance <a href="mailto:clair.green@barnet.gov.uk">clair.green@barnet.gov.uk</a>

### Summary

The Constitution, Article 7 includes the following within the Audit Committee's terms of reference:

"The Audit Committee shall prepare a report to Full Council on an annual basis on its activity and effectiveness."

The attached Annual Report describes how the Audit Committee meets its objectives as well as detailing the work of the Committee to date and the outcomes it has achieved for 2020-21.

### Recommendations

1. That the Committee recommend Full Council to note and approve the Annual Report of the Audit Committee for 2020-21 as an accurate record of the outcomes and work programme for the year.

## **1. WHY THIS REPORT IS NEEDED**

- 1.1 The Annual Report describes the work of the Committee to date and the outcomes it has achieved for 2020-21.
- 1.2 The Committee is asked whether they wish to make any amendments and note that the report will be presented to Full Council in due course.

## **2. REASONS FOR RECOMMENDATIONS**

- 2.1 It is a Constitutional requirement for the Audit Committee to present an Annual Report to full Council each year.

## **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1 None.

## **4. POST DECISION IMPLEMENTATION**

- 4.1 Once agreed by the Committee the report will be sent to the next Full Council meeting.

## **5. IMPLICATIONS OF DECISION**

### **5.1 Corporate Priorities and Performance**

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

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

- 5.2.1 None in context of this report

### **5.3 Social Value**

- 5.3.1 None in the context of this report

### **5.4 Legal and Constitutional References**

- 5.4.1 There are no legal issues in the context of this report.

- 5.4.2. The Audit Committee's terms of reference are noted in the Council's Constitution, Article 7. which states that the Audit Committee "shall prepare a report to Full Council on annual basis on its activity and effectiveness".

## **5.5 Risk Management**

5.5.1 None in context of this report

## **5.6 Equalities and Diversity**

5.6.1 Effective systems of audit, internal control and corporate governance provide assurance on the effective allocation of resources and quality of service provision for the benefit of the entire community to assist with compliance with the Council's duties under the 2010 Equality Act.

## **5.7 Corporate Parenting**

5.7.1 None in the context of this decision

## **5.8 Consultation and Engagement**

Not applicable

## **5.9 Insight**

5.9.1 None in the context of this decision

## **6. BACKGROUND PAPERS**

None

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Appendix 1

# Audit Committee Annual Report 1<sup>st</sup> April 2020 – 31<sup>st</sup> March 2021

Clr Rohit Grover  
Chairman of the Audit Committee  
July 2021

## **Contents**

**1. Introduction and overview**

**2. Summary of Audit Committee outcomes during 2020-21**

**3. Conclusions**

**Annex 1 – Schedule of actual work 2020-21**



## 1. Introduction and Overview

1.1 Good corporate governance requires independent, effective assurance about both the adequacy of financial management and reporting, and the management of other processes required to achieve the organisation's corporate and service objectives. Good practice from the wider public sector indicates that these functions are best delivered by an independent audit committee. In this context, "independence" means that an audit committee should be independent from any other executive function. Further, the National Audit Office regards "well-functioning Audit Committees as key to helping organisations achieve good corporate governance".

1.2 It is important that local authorities have independent assurance about the mechanisms underpinning these aspects of governance.

Specifically:

1.2.1 **independent assurance** of the adequacy of the control environment within the authority;

1.2.2 **independent review** 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

1.2.3 **assurance** that any issues arising from the process of drawing up, auditing and certifying the authority's annual accounts are properly dealt with and that appropriate accounting policies have been applied.

1.3 Effective audit committees can bring many benefits to local authorities and these benefits are described in CIPFA's *Audit Committees - Practical Guidance for Local Authorities* as:

1.3.1 raising greater awareness of the need for internal control and the implementation of audit recommendations;

1.3.2 increasing public confidence in the objectivity and fairness of financial and other reporting;

1.3.3 reinforcing the importance and independence of internal and external audit and any other similar review process (for example, providing a view on the Annual Governance Statement); and

1.3.4 providing additional assurance through a process of independent and objective review.

1.3.5 Effective internal control and the establishment of an audit committee can never eliminate the risks of serious fraud, misconduct or misrepresentation of the financial position. However, an audit committee:

➤ **can give additional assurance through a process of independent and objective review**

➤ **can raise awareness of the need for sound control and the implementation of recommendations by internal and external audit**

## 1.4 **Audit Committee at Barnet Council**

The Council's Constitution includes the terms of reference for the Audit Committee, defining its core functions. The terms of reference describe the purpose of the Audit Committee as being:

***“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.”***

- 1.4.1 To bring additional expertise from the sector and financial capability the Audit Committee also has two independent members.
- 1.4.2 The Audit Committee has a work programme that has been drawn up to effectively discharge its responsibilities as defined by the terms of reference.
- 1.4.3 The Committee relies upon independent, qualified professionals to provide assurance. Directors and Assistant Directors (or equivalent grade) have attended Committee to support the process and to aid in the Committee's effectiveness/understanding.
- 1.4.4 During the year 2020-21 the Committee undertook all its meetings in the public domain, albeit virtually using Microsoft Teams. Registered speakers were able to call into the meetings and the public were able to access a live stream of the meetings through a link on the meeting webpage. The committee meeting due to take place on 29 April 2020 was cancelled following the lockdown restrictions imposed due to the COVID-19 pandemic. There were no exempt reports this year.
- 1.4.5 Throughout 2020-21, the Audit Committee has been chaired by Councillor Rohit Grover.
- 1.4.6 With regards to the rest of the Committee following Annual Council on 23 July 2020 Councillor Thomas Smith was appointed to the Committee, replacing Cllr Peter Zinkin. Councillor Alex Prager was appointed Vice-Chairman.
- 1.4.7 During the year, two Member Briefing Sessions were arranged for Members of the Audit Committee:
  - 20 July 2020, Statement of Accounts; and
  - 28 January 2021, Understanding Local Government Finance
- 1.4.8 The Chairman during 2020-21 continued to require senior officer attendance where there were high priority Audit recommendations and has continued to encourage public participation at the Audit Committee. The requirement for officers to attend when previously agreed actions were not implemented within agreed timeframes was treated on a case-by-case basis, in light of the impact of COVID on 'business as usual' council activity.
- 1.4.9 The Chairman has encouraged the two independent members to be active participants in meetings of the Committee.

## **2. Summary of Audit Committee Outcomes during 2020-21**

- 2.1 During the financial year (April 2020 – March 2021) the Audit Committee has demonstrated many outcomes with a focus on delivering improvement to the organisation. The way in which these were implemented were as follows: -

2.1.1 **Key controls and assurance mechanisms.** The Committee relies upon information presented from qualified, independent and objective officers and external assurance providers. The key controls and assurance mechanisms are as described within the Annual Governance Statement. The Audit Committee is not a working group, it does not carry out the work itself, but relies on the assurance framework to bring significant issues to the Committee for discussion and make recommendations for the Executive and officers to take forward. The Committee recognises that management are responsible for a sound control environment<sup>1</sup>.

2.1.2 **Cross-Council Assurance Service (CCAS).** The Internal Audit service is delivered through a mixed economy model, which includes an in-house team and external provider, currently PwC. In April 2020, a new Framework contract was signed by London Borough of Barnet with PwC for Internal Audit, Advisory and Anti-Fraud and Mazars for Risk Management. As the contract manager, Barnet receives a 1% contract management fee for all invoiced work going through the Framework, which has a maximum OJEU limit of £50m over the four year contract term.

**2.2. External Audit financial resilience and value for money.** For 2020/21, BDO continue to be the Council's appointed external auditors.

2.2.1 In January 2021, in accordance with International Standard on Auditing (ISA) 260, the council's external auditors (BDO) provided a final report on matters arising from the audit of the Council's Accounts. The ISA 260 report has to be considered by "those charged with governance" (The Audit Committee) before the external auditor can sign the accounts.

2.2.2 The key messages arising from the audit of the 2019/20 financial statements were that they:

- gave a true and fair view of the financial position of the council as at 31 March 2020 and of its expenditure and income for the year then ended;
- gave a true and fair view of the financial position of the group as at 31 March 2020 and of its expenditure and income for the year then ended;
- were prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20; and
- were prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

2.2.3 In providing the opinion on the financial statements, the external auditors, concluded on what is known as the Value for Money Conclusion. The Council received an unqualified opinion which means that the External Auditors were satisfied the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

<sup>1</sup> The control environment comprises the systems of governance, risk management and internal control

**2.4 Improvement agenda** – the Audit Committee is committed to improving shortfalls in the control environment, rather than apportioning blame.

2.4.1 The Audit Committee has been provided with assurances on all internal audit high priority recommendations, and a sample of medium priority recommendations, and the progress against these quarter by quarter. The Audit Committee and its Chairman has asked that leading officers (Directors or Assistant Directors / Strategic Leads) to attend the Audit Committee to explain any deficiencies identified by Internal Audit and how they intend to address and action them. The important aspect that the Audit Committee has been assessing each quarter is whether the direction of travel from one quarter to the next has been improving via recommendations having been implemented. This focus on improving the control environment through follow-up and discussion has made officers accountable for improvement. We followed up a total of 128 recommendations that had been raised and were due to have been implemented by the end of 2020/21. Of those, we found that 122 had been fully implemented by the year end, with 6 ongoing (2 high and 4 medium). The direction of travel for implementing audit recommendations by year end was positive with 95% being implemented, exceeding the target of 90%. This is an improvement on 2019/20 when 76% were confirmed as having been implemented within revised agreed timescales. The prior year performance was impacted by COVID in February and March 2020.

A risk has been maintained on the Council's Strategic Risk Register which recognises that this performance needs to be sustained as if audit actions are not implemented this could lead to a deterioration in the Council's control environment.

2.4.2 The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control (i.e. the organisation's system of internal control). The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation and is based on the work performed in 2020-21. The conclusion should be considered in the context of the financial pressures facing the Council in a period where savings are required to be made but there is a greater demand for local services due to the borough's growing population. For 2020-21 a 'Reasonable' Annual Internal Audit Opinion was given. This is consistent with 2019/20 and an improvement on the previous two years, 2018/19 and 2017/18, when Limited Assurance was given.

2.4.3 In line with the Scheme of Financing Schools, the Chief Finance Officer is required to deploy internal audit to examine the control frameworks operating within schools under the control of the Local Education Authority ("LEA"). In 2020-21, Internal Audit performed 11 schools' visits and undertook 1 follow-up review. The number of schools reviewed was lower than in the previous year (when 20 schools were visited) due to school closures because of COVID.

2.4.4 The **Internal Audit and the Corporate Anti-Fraud Team (CAFT)** functions, which are organisationally independent from the rest of the Council, have a combined Annual Plan approved annually by Audit Committee which demonstrates their commitment to joint working, making the best use of resources and avoidance of duplication of effort. This also enables them to ensure that any control weaknesses identified through fraudulent

activity are followed up with recommendations to strengthen the control environment and noted on the service risk registers.

**2.5 Issues external and internal assurances** – during the year the Audit Committee has been presented with various reports regarding control weaknesses. Areas that received an Internal Audit ‘No / Limited’ assurance rating, or where a management letter identified areas of weaknesses and high priority recommendations, are listed below. The Committee has also continued to follow up all High priority recommendations within Reasonable Assurance reports where those recommendations are not implemented within the agreed timeframes. Since 2019-20 Internal Audit also follow-up a sample of Medium priority recommendations and report the outcome to the Audit Committee.

Review Title	Assurance rating	Number of Critical Priority recs	Number of High Priority recs	Number of Medium Priority recs
Housing Benefits	Limited	0	0	7
Land Charges – Review of Planning Data Controls and Policies	Limited	0	2	0
Procurement - Compliance with Contract Procedure Rules (CPRs)	Limited	0	1	8
Finance Global Design Principles (FGDP) - Accounts Receivable	Limited	0	1	3
Adults Restructure - Strategic Risk around Safeguarding	Reasonable	0	1	2
Waste - Health & Safety	Reasonable	0	1	2
Pensions Administration Governance Transition	N/A	0	4	4
Danegrove School	No	2	5	5
Frith Manor School	Limited	0	1	6
St. Joseph’s Catholic Primary School	Limited	0	1	4
Edgware Primary School	Reasonable	0	1	2

**2.6 Anti-Fraud** – Last year has been subject to the working conditions brought about by the Covid-19 pandemic, which saw CAFT officers work from home and, for large parts of the year, unable to carry out formal PACE interviews, take witness statements or visit suspected offenders at their home addresses. Because of this CAFT has had to carry out more “desk based” investigations and duties and modify the way it works to engage with the members of the public. In addition to this the UK Courts suspended cases being heard and prioritised only the most serious cases where hearings were essential.

From Mid-July most CAFT officers were redeployed to support the high visibility Covid-19 Enforcement street patrols to assist with monitoring, evidencing and enforcing the new Coronavirus Act in relation to new trading rules brought in for businesses in the borough.

2.6.1 **The Concessionary Travel Fraud Team** has investigated **225** cases of alleged Blue Badge misuse as well as Blue Badge and parking permits fraud as well as fraudulent appeals relating to penalty charge notices (PCNs). Of these, **1** case was successfully prosecuted at Magistrates court. A further **31** cases also concluded in Warning letters being sent to the Badge Holders as well as the offenders. There are many cases that are currently waiting for Covid regulations to be relaxed so that formal interviews and legal actions can resume.

2.6.2 **The Tenancy Fraud team** has particularly had to work in challenging conditions this year, it has investigated **490** cases of alleged Tenancy Fraud. They were responsible for recovering **3** properties and preventing **2** Right to Buy applications due to the applicants not being eligible to purchase under the scheme. In addition to this Tenancy fraud officers prevented **1** new housing application that was submitted by persons who were not eligible to be housed. There are many cases that are currently waiting for Covid regulations to be relaxed so that formal interviews and legal actions can resume.

2.6.3 **The Corporate Fraud Team** investigated **119** cases of alleged fraud. These resulted in **1** member of staffed being dismissed and **1** member of staff resigning because of CAFT investigations.

During the year 2020/21 Barnet has also been 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 have 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.

2.6.4 In relation to **Proceeds of Crime (POCA) Investigations**, CAFT continue to provide advice and support to every aspect of the organisation including its partners and contractors. This advice varies between fraud risk, prevention and detection, money laundering and other criminal activity as well as misconduct and misuse of public funds. Some of the matters will progress to criminal investigation and others will not, but in all cases appropriate actions, such as disciplinary or recovery action is taken.

2.6.5 **Whistleblowing** matters are also reported to the Audit Committee. 3 whistleblowing allegations were received (1 in Q1 and 2 in Q4).

2.7 **Planned and unplanned work** – The Committee has completed its work plan in accordance with its planned level of activity as detailed at annex 1.

### **3. Conclusions**

3.1 In conclusion the Audit Committee feels that it has demonstrated that it has added value to the Council's overall Governance Framework.

3.2 The Audit Committee's focus will continue to be ensuring action is taken on internal control deficiencies and reviewing progress on a regular basis as well as a commitment to improving shortfalls in the control environment, rather than apportioning blame.

**Annex 1 – Schedule of actual work 2020-21**

**Detail of Reports considered:**

<b>Audit Committee Meeting Date</b>	<b>Agenda Items</b>
<b>14 July 2020</b>	<ul style="list-style-type: none"> <li>• Annual Report of the Audit Committee</li> <li>• Revised External Audit Plan 2019/20</li> <li>• Internal Audit &amp; Anti-Fraud Strategy and Annual Plan 2020-21</li> <li>• Corporate Anti-Fraud Team (CAFT) Annual Report 2019/20</li> <li>• Internal Audit Exception Recommendations Report and Q4 Progress Report 1st January to 31st March 2020</li> <li>• Annual Internal Audit Opinion 2019-20</li> <li>• Committee Forward Work Programme</li> </ul>
<b>19 October 2020</b>	<ul style="list-style-type: none"> <li>• Internal Audit Exception Recommendations Report and Phase 1 Progress Report 1st April to 30th September 2020</li> <li>• Corporate Anti-Fraud Team (CAFT) Combined Q1&amp;Q2 Progress Report 2020-21</li> <li>• Annual Governance Statement</li> <li>• External Auditor's Audit Completion Report for the year 2019/20</li> <li>• Committee Forward Work Programme</li> </ul>
<b>28 January 2021</b>	<ul style="list-style-type: none"> <li>• Internal Audit Exception Recommendations Report and Q3 (Phase 2) Progress Report 1st October to 31st December 2020</li> </ul>

Audit Committee Meeting Date	Agenda Items
	<ul style="list-style-type: none"> <li>• Corporate Anti-Fraud Team (CAFT) Q3 Progress Report 2020-21</li> <li>• Final External Auditor's Report for the year 2019/20</li> <li>• Committee Forward Work Programme</li> </ul>
<b>28 April 2021</b>	<ul style="list-style-type: none"> <li>• Internal Audit Exception Recommendations Report and Q4 (Phase 2) Progress Report 1st January to 31st March 2021</li> <li>• Internal Audit &amp; Anti-Fraud Strategy and Annual Plan 2021-22</li> <li>• Corporate Anti-Fraud Team (CAFT) Annual Report 2020-2021</li> <li>• Annual Audit Letter 2019/20</li> <li>• External Audit Plan 2020/21</li> <li>• Committee Forward Work Programme</li> </ul>



**London Borough of Barnet  
Audit Committee Forward Work  
Programme  
October 2021 – April 2022**

Contact: Maria Lugangira – [maria.lugangira@barnet.gov.uk](mailto:maria.lugangira@barnet.gov.uk) 020 8359 2761

Subject	Decision requested	Report of Chief/Lead Officer	Contributing Officer(s)
<b>13 October 2021</b>			
Internal Audit Exception Recommendations and Progress Report Q2 1st July – 30th September 2021	To note the progress against internal audit recommendations and work Completed to date on the Internal Audit Annual Plan 2021 -22 and high priority recommendations.	Head of Internal Audit	
Corporate Anti-Fraud Team (CAFT) Q2 Progress Report: 1st July – 30th September 2021	To note the work undertaken by Corporate Anti-Fraud Team (CAFT) during the period 1st July – 30th September 2021	Director of Assurance	Head of Counter Fraud and Enforcement Operations
External Auditor's Report under International Standard on Auditing (ISA) 260 for the year 2020/21	To consider the External Auditors report to those charged with governance on issues arising from the audit of the Council's accounts. The committee will also be asked to approve the audited Statement of Accounts 2020/21.	Director of Finance (Section 151 Officer)	External Auditors
Grants Certification Work Report 2020/21	To consider the report from the External Auditors on the Council's management arrangements in respect of the certification process for grants.	Director of Resources (Section 151 Officer)	External Auditors
<b>14 February 2022</b>			

Subject	Decision requested	Report of Chief/Lead Office	Contributing Officer(s)
Internal Audit Exception Recommendations and Progress Report Q3 1st October – 30th December 2021	To note the progress against internal audit recommendations and work Completed to date on the Internal Audit Annual Plan 2021 -22 and high priority recommendations.	Head of Internal Audit	
Corporate Anti-Fraud Team (CAFT) Q3 Progress Report: 1st October – 30th December 2021	To note the work undertaken by Corporate Anti-Fraud Team (CAFT) during the period 1st October – 30th December 2021	Director of Assurance	Head of Counter Fraud and Enforcement Operations
<b>26 April 2022</b>			
Internal Audit Exception Recommendations and Progress Report Q4 1st January – 30th March 2022	To note the progress against internal audit recommendations and work Completed to date on the Internal Audit Annual Plan 2021 -22 and high priority recommendations.	Head of Internal Audit	
Corporate Anti-Fraud Team (CAFT) Q1 Progress Report: 1st January – 30th March 2022	To note the work undertaken by Corporate Anti-Fraud Team (CAFT) during the period 1st January – 30th March 2022	Director of Assurance	
Internal Audit & Anti-Fraud Strategy and Annual Plan 2022-23	To approve the 2022/23 Internal Audit and Corporate Anti-Fraud Team plan	Director of Assurance Head of Internal Audit	
<b>Ad Hoc Items</b>			

Subject	Decision requested	Report of Chief/Lead Office	Contributing Officer(s)
Ad Hoc Audit Reports	To commission work from Internal and External Audit arising from the consideration of other scheduled reports subject to them being proportionate to risk identified and with agreement from the Chief Executive. To review any issue referred to the Committee by the Chief Executive, a Director or any Council body		