

MEETING

AUDIT COMMITTEE

DATE AND TIME

MONDAY 14TH FEBRUARY, 2022

AT 7.00 PM

VENUE

HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4BG

TO: MEMBERS OF AUDIT COMMITTEE (Quorum 3)

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

Councillors

Councillor Laithe Jajeh Councillor Alison Moore Councillor Kath Levine
Councillor Nick Mearing-Smith Councillor Arjun Mittra

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 Wednesday 09 February at 10AM. Requests must be made to Paul Frost.

**You are requested to attend the above meeting for which an agenda is attached.
Andrew Charlwood – Head of Governance**

Governance Services contact: Paul Frost 020 8359 2205 paul.frost@barnet.gov.uk
Media Relations Contact: Tristan Garrick 020 8359 2454

ASSURANCE GROUP

ORDER OF BUSINESS

Item No	Title of Report	Pages
1.	Minutes of last meeting	5 - 8
2.	Absence of Members (If any)	
3.	Declaration of Members' Disclosable Pecuniary interests and Other interests (If any)	
4.	Report of the Monitoring Officer (If any)	
5.	Public Question and Comments (If any)	
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12.	Any item(s) the Chairman decides are urgent	

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Decisions of the Audit Committee

15 December 2021

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

AGENDA ITEM 1

Laithe Jajeh
Kathy Levine
Councillor Lachhya Gurung
(substituting for Nick Mearing-Smith)

Alison Moore
Arjun Mitra

Also in attendance

Geraldine Chadwick – Independent Member
Richard Harbord – Independent Member

1. MINUTES OF LAST MEETING (Agenda Item 1):

RESOLVED that the minutes of the meeting held on 14 July 2021 be agreed as a correct record.

2. ABSENCE OF MEMBERS (IF ANY) (Agenda Item 2):

Apologies were received from Councillor Nick Mearing-Smith who was substituted by Councillor Lachhya Gurung.

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

None.

4. REPORT OF THE MONITORING OFFICER (IF ANY) (Agenda Item 4):

None.

5. PUBLIC QUESTION AND COMMENTS (IF ANY) (Agenda Item 5):

The committee noted that details of a written comments submitted were circulated to the Committee and published.

6. MEMBERS' ITEMS (IF ANY) (Agenda Item 6):

None.

7. EXTERNAL AUDITOR'S REPORT ON PROGRESS OF THE AUDIT OF THE COUNCIL'S 2020/21 ACCOUNTS (Agenda Item 7):

The Council's Chief Accountant introduced the report and provided an update for Members.

The Chairman welcomed External Auditors Lisa Chapman and Michael Bediako from BDO who had joined the meeting virtually. They presented their report to the Committee and provided an overview of the key themes. The Audit Committee received an update on the progress of the external audit of the Council's 2020/21 Statement of Accounts. Members noted the appendix to the report as published.

The Committee had the opportunity to consider and comment on the report.

Councillor Alison Moore noted that the Appendix to the report was late despite the meeting being put back to 15 December 2021. She therefore noted her concerns and frustrations on this.

Having considered the report the Committee:

Resolved

That the Committee noted the progress of the 2020/21 external audit as presented by BDO LLP.

8. INTERNAL AUDIT EXCEPTION RECOMMENDATIONS REPORT AND Q2 PROGRESS REPORT (Agenda Item 8):

The Head of Internal Audit introduced the report. Members were requested to note the progress against internal audit recommendations and work completed to date on the Internal Audit Plan 2021-22 and critical, high and medium priority internal audit recommendations.

The Head of Internal Audit noted that the Operations Director for Re, Mr Alun Parfitt was in attendance virtually to make a representation. The Chairman duly welcomed Mr Parfitt to the meeting and invited him to provide comments. Mr Parfitt gave an overview of the progress that had been made against the actions and recommendations in the report into Local Land Charges – Review of Planning Data Controls and Policies. As a result of this Councillor Alison Moore requested that the Committee received an update on the progress at the April meeting.

The Head of Internal Audit noted the detail in the report in regard to Danegrove School. She added that the Council's internal Audit team were in regular contact with the School. Members noted that the School had undergone a number of changes including the appointment of a new Headteacher and an imminent change to the post of the School's Business Manager. The Committee noted concerns on this matter and said that they looked forward to receiving an update on this at a future meeting. The Head of Internal Audit stated that the report had been discussed by the School's Governors but not until November. It was agreed that enquiries would be made as to the support that Council Finance Officers may be able to provide to the School.

Mrs Geraldine Chadwick noted that a number of the outstanding actions should have been implemented and she questioned why such actions had not been completed considering the length of time it had been since the audit in May, she therefore noted her concerns and requested that a School representative be invited to a future meeting. The Chairman noted these concerns and agreed that in advance of the February 2022 Committee meeting he would discuss progress on actions with the Head of Internal

Audit, following which a decision would be made as to whether a school representative should be invited.

The Council's Assistant Director HR and OD was in attendance virtually and was able to answer questions relating to agency staff, system access and the process involving DBS checks. Members sought to understand what sectors agency staff were being employed in and questioned if this was in connection to services that experienced national shortages.

Councillor Alison Moore noted that good governance was a vital component to a successful organisation and therefore she said it was important that the Council delivered robust governance arrangements across the Council.

The Committee had the opportunity to consider and comment on the report. With respect to the implementation of agreed audit actions, the head of internal audit agreed to report on the arrangements being considered to encourage a higher implementation rate at the February 2022 Committee meeting.

Having considered the report the Committee:

Resolved

That the Committee noted the work completed to date on Internal Audit Q2 progress report - 1st July to 30th September 2021 as summarised in Appendix 1.

9. INTERNAL AUDIT PLAN 2021-22 (Agenda Item 9):

The Head of Internal Audit introduced the report. The Audit Committee therefore received a full overview of the report and were requested to consider the report's recommendations.

The Committee had the opportunity to consider and comment on the report.

Having considered the report the Committee:

Resolved:

That the Committee approved the Internal Audit and Annual Plan for Q3 and Q4 of 2021-22 as highlighted in appendix A

10. CORPORATE ANTI-FRAUD TEAM (CAFT) (Agenda Item 10):

The Assistant Director Counter Fraud, Community Safety and Protection introduced the report and outlined the work that had taken place during the period 1st July – 30th September 2021. Members noted that the report represented an up-to-date picture of the work undertaken by Corporate Anti-Fraud Team (CAFT) during that time.

Having Considered the report the Audit Committee:

Resolved

That the Committee noted the CAFT Progress Report covering the period 1st July – 30th September 2021

11. REGULATION OF INVESTIGATORY POWERS ACT 2000 RIPA POLICY AND GUIDANCE REVIEW (Agenda Item 11):

The Assistant Director Counter Fraud, Community Safety and Protection introduced the report.

Having Considered the report the Audit Committee:

Resolved

- That the Committee approved the Regulation of Investigatory Powers Act 2000 (RIPA) Policy and Guidance 2021
- That the Committee agreed to delegate authority to the Executive Director of Assurance to make further amendments to the RIPA Policy Statement following consultation with the Chairman of the Audit Committee

12. WORK PROGRAMME (Agenda Item 11a):

Councillor Alison Moore made a request that an item on planning actions, affordable housing and viability assessments be added to the Committee's Work Programme. The Chairman suggested that this matter should have been presented to the Committee via a Members Item. Thereby giving all Committee members the Opportunity to consider the proposal and have a proper discussion during the Committee meeting.

Councillor Arjun Mittra seconded Councillor Moore's proposal.

The Chairman requested that the item be voted on.

For - 3
Against – 3
Abstention – 1

The Chairman used his casting vote and therefore the proposal moved by Councillor Alison Moore was lost.

Resolved

That the Committee work programme be noted.

13. ANY OTHER ITEM(S) THE CHAIRMAN DECIDES ARE URGENT (Agenda Item 12):

None.

The meeting finished at 20:30



Audit Committee

14th February 2022

Title	External Auditor's Report for the year 2020/21
Report of	Executive Director of Resources (S151 Officer)
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – Draft Audit Completion Report 2020/21 (to follow)
Officer Contact Details	Anisa Darr – Director of Resources Anisa.Darr@Barnet.gov.uk 020 8359 7634

Summary

The external audit of the Council's Statement of Account is undertaken by BDO. Appendix A provides the findings of BDO to date.

BDO were presented with the draft financial statements (including the Pension Fund accounts) on 30th July 2021 and the draft accounts were published by the end of July 2021 in line with the Accounts and Audit Regulations 2015.

The 2015 Regulations require that the final approved accounts are published no later than 30th September of the financial year immediately following the end of the financial year to which the statement relates.

BDO advised Audit Committee in July 2021 that they were not able to commence the audit until September, it was therefore not possible for them to conclude their audit in line with the statutory deadline.

BDO presented a draft completion report to Committee in December 2021 and this report

provides a further update on the findings and recommendations following further progress on the audit.

The audit is yet to be completed but BDO anticipate providing an unmodified opinion on the Council's financial statements subject to the clearance of the outstanding matters detailed in Appendix A.

The final Statement of Accounts, including the Pension Fund accounts, will be published on the council's website once BDO have provided their Audit Opinion for inclusion in the Statement of Accounts.

Committee is also asked to note the measures that the government is taking to help tackle audit delays. Some of the key measures are set out in 1.2-1.3.

Committee is also asked to note details of a Department for Levelling Up, Housing and Communities (DLUHC) consultation on Changes to the capital framework, specifically in relation to Minimum Revenue Provision as set out in 1.4-1.10.

Officers Recommendations

- 1. That the Committee approve, subject to there being no material amendments, the Statement of Accounts for 2020/21 and recommend that they be signed by the Chairman and the Executive Director of Resources (Statutory 151 Officer) on behalf of the Council.**
- 2. That the Committee delegates to the Executive Director of Resources (Statutory 151 officer) the ability to make necessary amendments to the statement of accounts, in so far as there is no material impact on the General Fund, based on any subsequent findings of the External Auditor.**
- 3. That the matters raised by the external auditor relating to detailed aspects of the 2020/21 accounts audit be noted.**
- 4. That the Committee note the measures that the government is taking to help tackle audit delays and the impact on audit deadlines.**
- 5. That the Committee note the details of the Department for Levelling Up, Housing and Communities (DLUHC) consultation on changes in relation to Minimum Revenue Provision (MRP).**

1. WHY THIS REPORT IS NEEDED

- 1.1 Under Section 151 of the Local Government Act 1972- "...every local authority shall make arrangements for the proper administration of their financial affairs". Additionally, in accordance with International Standard on Auditing (ISA) 260, the external auditor is required to issue detailed reports on matters arising from the audit of the council's accounts and pension fund accounts.

- 1.2 On 22 November 2021, DLUHC wrote to S151 Officers noting the government's concerns at the increasing delays to the completion of local audits. Further to that, DLUHC wrote to S151 Officers on 18 January 2022 to provide an update on action the government is taking to help tackle these delays. The full package of measures can be found the background papers to this report and the key measures are shown below:
- providing councils with £45m additional funding over the course of the next Spending Review period to support with the costs of strengthening their financial reporting and increased auditing requirements;
 - strengthening training and qualifications options for local auditors and audit committee members;
 - reviewing whether certain accounting and audit requirements could be reduced on a temporary basis, where these are of lesser risk to councils; and
 - extending the 2021/22 audit deadline to 30 November 2022, and then 30 September until 2027/28.
- 1.3 The extension of the audit deadline for 2021/22 to 30 November 2022 will be reflected in BDO's Audit Planning Report for 2021/22 which is expected to be presented to this Committee in April 2022.
- 1.4 On 30 November 2021, the Department for Levelling Up, Housing and Communities (DLUHC) launched a consultation on Changes to the capital framework, specifically in relation to Minimum Revenue Provision (MRP).
- 1.5 MRP is a charge that local Authorities are required by statute to make to the General Fund to provide for the repayment of debt resulting from capital expenditure. The council is required to determine a level of MRP it considers to be prudent, whilst having regard to the MRP guidance issued by the government. Details on the guidance are included in the background papers to this report.
- 1.6 The key principle of the Guidance is that an authority's debt liability should be repaid over a period, which corresponds to the useful life of the asset(s), that the capital expenditure provided benefit to.
- 1.7 The government is proposing to make changes to the legislation (Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (the 2003 Regulations).
- 1.8 The 2 issues that the changes are intended to address are:
- i. Use of capital receipts in place of a MRP charge. Authorities may use capital receipts to reduce overall debt and thereby reduce MRP through the calculation. Capital receipts may not, however, be used in lieu of a prudent charge to revenue.
 - ii. Not charging MRP on debt related to certain assets, i.e. some authorities are still not charging MRP in relation to borrowing associated with investment assets or capital loans. The statutory guidance states that financing for investment assets and capital loans requires provision to be made.
- 1.9 Neither of the changes impact on the council as:
- i. the council doesn't use capital receipts in place of an MRP charge;

- ii. MRP is provided on all capital expenditure funded by borrowing in the capital programme including loans to Open Door Homes and the borrowing for the Brent Cross Retail Park.

1.10 The consultation questions and the council's responses are given below for information:

- Q1. Do you agree with the government's proposal to amend the 2003 Regulations to prevent the omission of debt from the MRP calculation? *Yes*
- Q2. Does the draft statutory instrument achieve the government's objectives as outlined in this document? Are there any unintended consequences arising from the statutory instrument? *Yes; No*
- Q3. Is it clear from the wording of the statutory instrument, as drafted, that authorities may still postpone the MRP charge as per paragraphs 40 and 41 of the MRP guidance? *Yes*
- Q4. Are these changes consistent with the current MRP guidance? If not, what is unclear or inconsistent in the guidance? *Yes*

2. REASONS FOR RECOMMENDATIONS

2.1 In order that the Council can meet its legal obligation to produce audited financial statements.

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 Review of reports made under International Standard on Auditing (ISA) 260 are an integral part of corporate governance. This is in line with Barnet's Corporate Plan – which sets out four priorities for the council as below:

- 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 and healthy lives.
- Thriving – a place fit for future, where all residents, businesses and visitors benefit from improved sustainable infrastructure & opportunity.

- 5.1.2 The Annual Statement of Accounts are the primary means by which the Council is held to account for the stewardship of its resources.
- 5.2 **Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**
- 5.2.1 The Statement of Accounts shows the financial position of the council as at 31 March 2021.
- 5.3 **Social Value**
- 5.3.1 None in the context of this decision
- 5.4 **Legal and Constitutional References**
- 5.4.1 Section 151 of the Local Government Act 1972 requires that “...*every local authority shall make arrangements for the proper administration of their financial affairs*”.
- 5.4.2 The Council is a public authority that is subject to the audit of its annual accounts by an external auditor. The Local Audit and Accountability Act 2014, Part 5 specifies the conduct of local audit.
- 5.4.3 Part 3, regulation 9 of the Accounts and Audit Regulations 2015 requires that the statement of accounts must be considered by a committee or full council and approved by a resolution of that body. The accounts must then be signed by the person presiding at the meeting. The Section 151 officer must then reconfirm on behalf of the authority that they are satisfied that the statement of accounts presents a true and fair view of the financial position of the authority and its income and expenditure for that year.
- 5.4.4 The 2015 Regulations require that the final approved accounts are published not later than 30th September of the financial year immediately following the end of the financial year to which the statement relates. The audit did not commence until September 2021 and it was therefore not possible for it to be concluded in line with the statutory deadline.
- 5.4.5 International Standard on Auditing (UK and Ireland) 260 deals with the auditor’s responsibility to communicate with those charged with governance in an audit of financial statements. A link to the website containing ISA 260 can be found in the background papers to this report.
- 5.4.6 Article 7 of the Council’s Constitution details the functions of the Audit Committee and include “*To review and approve the annual statement of accounts and consider the external auditor’s report to those charged with governance on issues arising from the audit of the accounts*”.
- 5.5 **Risk Management**
- 5.5.1 A positive external audit opinion on the council’s Statement of Accounts plays an essential and key role in providing assurance that Barnet’s financial risks are managed in an environment of sound stewardship and control.
- 5.5.2 There are no key risks relating to the production, audit or publishing of the Statement of

Accounts identified in the Council's risk register.

5.6 Equalities and Diversity

5.6.1 Accurate financial reporting is important to ensure the management of resources to enable the equitable delivery of services to all members of the community, to reduce the differential impact of the services received by all of Barnet's diverse communities and 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 None in the context of this decision

5.9 Insight

5.9.1 None in the context of this decision

6. ENVIRONMENTAL IMPACT

6.1 None in the context of this report.

7. BACKGROUND PAPERS

Committee	Item & Agenda	Link
n/a	Measures to improve local audit delays	Measures to improve local audit delays - GOV.UK (www.gov.uk)
n/a	MRP Guidance issued by government	Statutory guidance on minimum revenue provision.pdf (publishing.service.gov.uk)
n/a	International Standard on Auditing (UK) 260 (Revised June 2016)	Microsoft Word - ISA (UK) 260 Revised June 2016 final (frc.org.uk)
Audit Committee 15 December 2021	Item 7: External Auditor's report on progress of the audit of the council's 2020/21 accounts	Agenda for Audit Committee on Wednesday 15th December, 2021, 7.00 pm (moderngov.co.uk)
Audit Committee 14 July 2021	Item 13: Committee Forward Work Programme.	Agenda for Audit Committee on Wednesday 14th July, 2021, 7.00 pm (moderngov.co.uk)

Audit Committee 28 April 2021	Item 11: External Audit Plan 2020/21	https://barnet.moderngov.co.uk/documents/s64729/External Audit Plan 202021.pdf
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Audit Committee

14th February 2022

Title	Internal Audit Exception Recommendations Report and Q3 Progress Report 1st October to 30th December 2021
Report of	Executive Director of Assurance
Wards	N/A
Status	Public
Urgent	No
Key	Yes
Enclosures	Appendix 1- Internal Audit Q3 progress report (1st October to 30th December 2021) Appendix 2 – Internal Audit External Quality Assessment report [TO FOLLOW]
Officer Contact Details	Caroline Glitre, Head of Internal Audit caroline.glitre@barnet.gov.uk 020 8359 3721

Summary

Members are asked to note the progress against internal audit recommendations and work completed to date on the Internal Audit Plan 2021-22 and high and medium priority internal audit recommendations.

The Audit Committee formally approved the Internal Audit Plan for Q3 and Q4 of 2021-22 on 15th December 2021, following a verbal update to Committee members on 13th October.

During Q3, the service completed 16 reviews and at that time had delivered 71% of our annual internal audit programme for 2021/22. This is in line with the target for Q3.

There were two reports issued with a 'Limited' Assurance rating in this period.

- QL Housing
- Estates Compliance

Full copies of 'Limited' Assurance audit reports are available on the Barnet website here:

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

Q3 Follow-Ups

During Q3, the Internal Audit service followed up on high and a sample of medium priority actions with an implementation date of 30th December 2021 or sooner.

A total of 22 high priority and 39 medium priority actions were followed up in this period.

In Q3 the Internal Audit service confirmed the following:

High priority actions: Follow-up Summary	Total	Implemented	In progress	Not Implemented
Total Number of Actions Tested	22	18	4	0
Medium priority actions: Follow-up Summary	Total	Implemented	In progress	Not Implemented
Total Number of Actions Tested	39	36	3	0
Total actions followed up in Q3	61	54	7	0
		89%	11%	0%

At the end of Q3 the Internal Audit service had confirmed 89% high and medium rated actions as implemented or superseded at follow-up. The total was therefore just below the target of 90%.

Other Matters

Danegrove School

In Q1 we reported that Danegrove School had received a 'No Assurance' rating. The Committee will recall that a new Headteacher took up her position effective 1 September 2021 and that, in light of the changes occurring at the school, we extended the agreed dates for actions to be implemented to April 2022. We will therefore formally report back to

the Committee in Q1 of the 2022/23 financial year on the progress against this revised deadline.

At the December meeting, the Committee requested that a representative of the School attend a future Committee meeting.

Internal Audit has an agreed escalation process for dealing with unsatisfactory audits, which would lead to action by the DCS under delegated powers once all other steps have been exhausted. Please see the main report for further detail on the escalation process. If a school representative attended the Committee, this could undermine the council's ability to use formal intervention powers should that become necessary.

To provide additional assurance to the Audit Committee, an additional interim follow-up visit is booked for the week of 26th January. The Head of Internal Audit will provide a verbal update on the outcome of this visit at the Committee meeting.

Estates Compliance

We completed an audit of Estates Compliance during the quarter which provided Limited Assurance. This report generated 1 'high' and 3 'medium' recommendations (leading to 2 high and 8 medium priority actions).

Management have confirmed that no immediate risk to health and safety resulted from any of the issues identified in this audit report. Remedial works identified in the audit were classified as Priority 1 (safety critical) but that doesn't necessarily mean that they present an imminent risk to health and safety.

Due to the agreed actions having implementation dates of 31st December or sooner, we have already completed our follow-up audit. At present, we can report that 1 of the high actions and all 8 medium actions have been implemented. 1 of the high actions has been partially implemented. A revised due date has been set of 31st March 2022 for this remaining outstanding 'high' action, which relates to an update to the KPI for remedial works. Good progress has been made. Process changes have already been implemented and agreement of the revised KPI is underway.

External Quality Assessment

The Internal Audit service has been externally assessed as part of the 5-yearly requirement of the Public Sector Internal Audit Standards (PSIAs). The assessment was carried out by the Head of Internal Audit, Anti-Fraud and Risk at Tower Hamlets as part of the London Audit Group (LAG) scheme whereby assessments are undertaken reciprocally across London. The report has assessed the Internal Audit service in Barnet as 'Generally Conforms' with the PSIAs, which is the best rating available.

The report is included as Appendix 2 to this report [TO FOLLOW].

Cross Council Assurance Service (CCAS)

During Q3, further London-based and other local authorities have signed up to the CCAS framework, bringing the total number of authorities utilising the call of contract to 38. Barnet receives a 1% levy on all fees going through the Framework. This has so far led to income for Barnet of ~£93k since the Framework commenced on 1st April 2020.

Recommendations

That the Committee note the work completed to date on the internal audit Q3 report – 1st October to 31st December 2021

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 approved the Internal Audit Plan 2021-22 in April and December 2021 and this report notes the progress against that plan and progress against high and medium priority recommendations.
- 2.2 Compliance with the Public Sector Internal Audit Standards.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Not relevant.

4. POST DECISION IMPLEMENTATION

- 4.1 The Internal Audit Q3 & Q4 Plan will be delivered and progress against the plan reported to the Audit Committee at future meetings throughout the year.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 All internal audit planned activity is aligned with the Council's objectives set out in the Corporate Plan 2021-2025, 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.
- 5.1.2 A comprehensive Internal Audit Plan is essential to giving an annual Internal Audit Opinion on the internal control environment (ICE) which is fundamental for the achievement of all of the Council's objectives. This opinion forms an integral element of the Annual Governance Statement.
- 5.1.3 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.

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 In addition, the follow-up of audit recommendations will ensure that a positive culture of internal control is achieved.

5.2.3 The proposed plan 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 The Council's Constitution (Article 7) sets out the terms of reference for Committees. The responsibilities for the Audit Committee include providing "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.

5.4.2 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)'.

5.5 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 N/A

5.9 Insight

5.9.1 None in the context of this decision

6. ENVIRONMENTAL IMPACT

6.1 Not relevant to this report.

7. 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 for Q1 and Q2.

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=144&MId=10214&Ver=4>

6.6 Audit Committee 15 December 2021 (Decision Item 9) – the Audit Committee approved the Internal Audit Plan 2021-22 for Q3 and Q4.

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=144&MId=10998&Ver=4>

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Internal Audit – London Borough of Barnet

Appendix 1



Internal Audit Q3 Progress Report 1 October – 30 December 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 In April 2021, the Audit Committee agreed a plan for the first six months of the 2021/22 financial year, due to the on-going disruption of the COVID19 Pandemic. A plan for the remaining six months of the year was formally approved by the Audit Committee on 15th December.

We have completed 16 reviews in this current period and to date have delivered 71% of our combined 2021/22 annual internal audit programme.

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

1.2.2

There were two 'limited' assurance reports issued in this period.

- Estates Compliance
- QL Housing System

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 31 December 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 22 high priority actions have been followed up in Q3:

- 18 actions have been confirmed as implemented (82%); and
- 4 have been partially implemented (in Progress) (18%).

High priority actions: Follow-up Summary	Total	Implemented	In progress	Not Implemented
Total Number of Actions Tested	22	18	4	0

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

A total of 39 medium priority actions have been followed up in Q3:

- 36 actions have been confirmed as implemented (92%); and
- 3 have been partially implemented (8%).

Medium priority actions: Follow-up Summary	Total	Implemented	In progress	Not Implemented
Total Number of Actions Tested	39	36	3	0
Total actions followed up in Q3	61	54	7	0
%		89%	11%	0%

We have currently confirmed 89% high and medium rated actions as implemented, superseded or closed. The current total is therefore just below the target of 90%.

Included in the Implemented audit actions are all of the agreed actions from the **Agency Staff** audit (as verbally reported to the last Audit Committee) and all of the remaining actions from the **Pensions** audits. Thank you to the officers who co-operated with us on those particular reviews.

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

1.4 Other Matters

1.4.1 Danegrove School

In Q1 we reported that Danegrove School had received a 'No Assurance' rating. In Q2 we reported that the majority of the agreed actions had not yet been implemented. The Committee will recall that a new Headteacher took up her position effective 1 September 2021 and that, in light of the changes occurring at the school, we extended the agreed dates for actions to be implemented to April 2022. We will therefore formally report back to the Committee in Q1 of the 2022/23 financial year on the progress against this revised deadline.

At the December meeting, the Committee requested that a representative of the school attend a future Committee meeting. This has been discussed with the Executive Director of Children's Services (DCS) and the Director of Education and Learning.

Headteachers and governors are leaders of autonomous organisations and legal entities. They are not council officers and so cannot be summoned to council meetings. The Governing Bodies of community schools are responsible for the school's compliance with all legal requirements, which includes, for maintained schools, abiding by the council's Scheme of Financial Delegation.

The council has delegated relevant powers in relations to the Scheme of Financial Delegation to the DCS and Director of Finance.

Internal Audit has an agreed escalation process for dealing with unsatisfactory audits, which would lead to action by the DCS under these delegated powers once all other steps have been exhausted. If a school representative attended the Committee, this could undermine the council's ability to use formal intervention powers should that become necessary.

The agreed escalation process for school audits involves the following steps:

1. The Internal Audit team follow up on audits that are not reasonable assurance (so those that are limited or no assurance) to ensure that agreed actions are implemented.
2. If appropriate actions are not agreed or actions are not implemented in a timely manner, then the agreed process is that the audit team will refer matters to the Director of Education and Learning who will ask the school's Learning Network Inspector to talk to the headteacher (and chair of governors if necessary) to ensure that actions are agreed and implemented.
3. Internal Audit then continues to monitor progress and escalates to the Director of Education and Learning if the school is not co-operating or is taking too long to implement actions. The Director will then intervene with the school to ensure compliance, including writing to the school and, if necessary, recommending a warning notice be issued by the council (DCS) in accordance with the Scheme of Financial Delegation.

If there are problems with implementation but there is a change in leadership within the school, it is accepted that the new leadership (headteacher/chair of governors) should be given the chance and time to make the necessary changes. The internal audit team also take into account other contextual factors that may lead to delays through no fault of the school, such as the disruption caused by the covid pandemic.

To provide additional assurance to the Committee, an additional interim follow-up visit is booked for the week of 26th January. The Head of Internal Audit will provide a verbal update on the outcome of this visit at the Committee meeting.

If the internal audit team are not satisfied with progress the next course of action is step 3 above.

1.4.2 Estates Compliance

Internal Audit completed an audit of Estates Compliance during the quarter which provided Limited Assurance. This report generated 1 'high' and 3 'medium' recommendations (leading to 2 high and 8 medium priority actions).

Management have confirmed that no immediate risk to health and safety resulted from any of the issues identified in this audit report. Remedial works identified in the audit were classified as Priority 1 (safety critical) but that doesn't necessarily mean that they present an imminent risk to health and safety.

Due to the agreed actions having implementation dates of 31st December or sooner, we have already completed our follow-up audit. At present, we can report that 1 of the high actions and all 8 medium actions have been implemented. 1 of the high actions has been partially implemented. A revised due date has been set of 31st March 2022 for this remaining outstanding 'high' action, which relates to an update to the KPI for remedial works. Good progress has been made. Process changes have already been implemented and agreement of the revised KPI is underway.

1.4.3 External Quality Assessment

Internal Audit was externally assessed this year as part of the 5-yearly requirement of the Public Sector Internal Audit Standards. The assessment was carried out by the Head of Internal Audit, Anti-Fraud and Risk of Tower Hamlets as part of the London Audit Group (LAG) peer review scheme whereby assessments are undertaken reciprocally across London. The conclusion of the report was as follows:

“Overall, the internal audit service at the London Borough of Barnet is a well led, professional and respected service that adds value and provides evidenced based, reliable assurance over the Council’s governance, risk management and internal controls.

Based on the self-assessment, supporting evidence and independent validation it is the view of the lead assessor that the internal audit service for the London Borough of Barnet **generally conforms** with the Public Sector Internal Audit Standards.”

‘**Generally conforms**’ is the best rating that can be given. The definitions of the ratings are as follows:

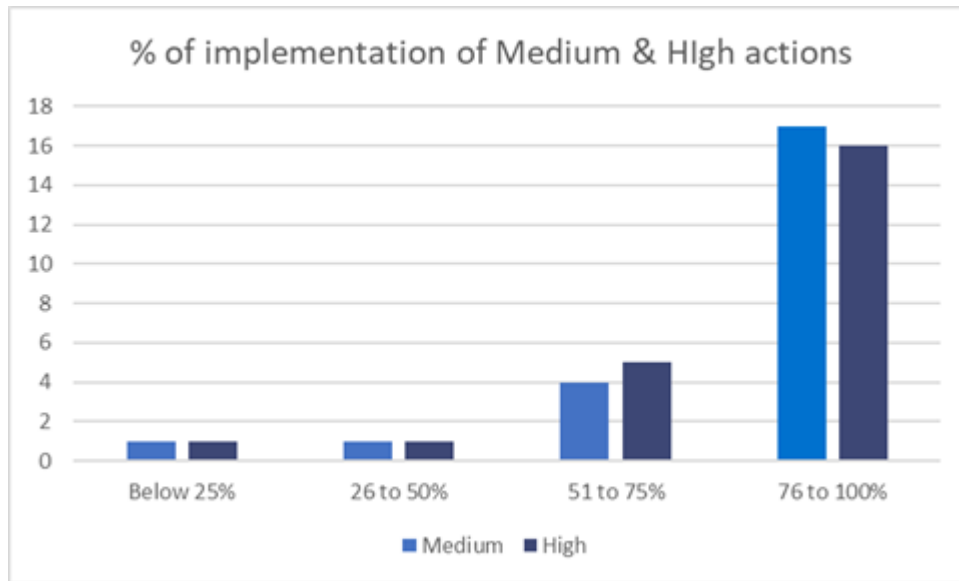
Generally Conforms	The relevant structures, policies, and procedures of the internal audit service, as well as the processes by which they are applied, comply with the requirements in all material respects.
Partially Conforms	The internal audit service falls short of achieving some elements of practice but is aware of the areas for development. These will usually represent significant opportunities for improvement in delivering effective internal audit.
Does Not Conform	The internal audit service is not aware of, is not making efforts to comply with, or is failing to achieve many/all of the objectives and practice statements within the section or sub-sections. These deficiencies will usually have a significant negative impact on the internal audit service’s effectiveness and its potential to add value to the organisation. These will represent significant opportunities for improvement, potentially including actions by senior management or the Audit Committee.

The report is provided as Appendix 2.

1.4.4 LAG Survey Data Outcome – Follow-ups

During the quarter, the Internal Audit service was invited by the London Audit Group to complete a benchmarking survey for Barnet. Benchmarking is seen as an important tool to help us plan and resource the functions we are responsible for and in how we report on this to senior management and members. The results and findings from this survey will be considered when drafting the 2022/23 audit plan.

The survey was completed by 23 authorities and included a question around implementation of audit actions. The results are summarised here to give context to members around Barnet's implementation rate.



1.5 Recommendations

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

2.0 Limited Assurance and reports with significant impact issued since the previous meeting

2.1 Limited Assurance Reports

2.1.1 QL Housing System

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

Note: The high recommendation has been a known issue through the external audits ISA260s – which is why the internal audit report was commissioned (to provide more detail on the issue and a route to resolution).

Scope

This review was undertaken as part of the London Borough of Barnet Internal Audit & Anti-Fraud Strategy and Annual Plan 2021-22, Q3 and Q4.

Barnet Council's (the Council) external auditors (BDO LLP) raised an observation as part of the 2019/20 external audit relating to housing stock records not being properly updated. Specifically, the external auditors identified that 213 properties had been incorrectly treated as disposals during the year “due to Barnet Homes Limited not providing adequate management information to the Council to correctly account for its major works programme, new property purchases and new out of borough properties”. Accordingly, there is a risk that Council's record of properties owned and valuation of assets in the financial statements may be materially incorrect if this data is not corrected.

The external auditors recommended that Council departments involved in regeneration / redevelopment provide the Finance team and Barnet Homes Limited with plans, agreements and transfer documents so that asset disposals and acquisitions can be managed correctly in the Housing Management system. Council management accepted the recommendation and specific reporting requirements and deadlines have been included within the revised Management Agreement with The Barnet Group, which includes Barnet Homes, to address this issue.

The Council is keen to gain further assurance over the processes and controls in place for the QL Housing system managed by Barnet Homes as well as the communication in place to maintain data integrity between Barnet Homes and the Council to ensure that the data is complete and accurate, and this review covered the design and operating effectiveness of these processes and controls, in particular focussing on roles and responsibilities, data quality and access management.

Summary of findings

We have identified a number of findings including a lack of reconciliations to confirm the completeness and accuracy of the QL property portfolio year on year, an absence of a centralised listing of property additions and disposals, and a lack of formal documentation to ensure clarity and consistency within the additions and disposals processes. It is important for Barnet Homes to formalise processes for adding and removing properties from the QL system. This includes maintaining a central record of property movement that is accessible by all relevant teams and ensuring regular reconciliations of the QL property portfolio are performed to confirm the completeness and accuracy of data. This would enhance transparency across the organisation and reduce the risk of inaccurate or incomplete reporting. Barnet Homes should also meet with the Council on a frequent basis to discuss significant property acquisitions and disposals, to ensure that both parties maintain sufficient oversight over the Council's property portfolio.

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

We identified the following issues as part of the audit:

- **Property reconciliations and completeness (high risk)** – Barnet Homes does not have formal processes in place to periodically assess the completeness and accuracy of the property portfolio within QL and does not perform a detailed reconciliation of property data in the QL system during the year. Furthermore, Barnet Homes does not perform any completeness checks of the QL property portfolio. For instance, by reconciling property listings from other sources back to the QL system. This may mean that missing or inaccurate data is not identified in a timely manner, and could lead to an inaccurate and/or incomplete property portfolio within QL.
- **Accuracy of the QL property portfolio (medium risk)** – Monthly change reports are downloaded from the QL system and sent to the Barnet Group Finance Director for review, who randomly selects a sample of changes made and requests evidence or explanations to confirm the appropriateness. Whilst no issues were noted through our testing of two out of two months, we would recommend that the process for checks to confirm the accuracy of the QL portfolio is formally documented and a consistent sampling approach is adopted. In addition, it was noted that there are no checks to confirm the accuracy of manually added properties, and no defined processes for when to add properties manually or automated to the system.
- **Timeliness of communication between Barnet Homes and the Council (medium risk)** – We understand that there is no communication throughout the year between the Council and Barnet Homes regarding any property additions or disposals. Furthermore, we are aware that Barnet Homes does not meet with the Council to communicate or discuss any significant movements in the property portfolio. As a result, Barnet Homes may be unaware of significant acquisitions or disposals made by the Council and may therefore not update the QL system on a timely basis.
- **Additions and disposals process notes (medium risk)** – We have not received any formal procedure documents relating to property additions and disposals on QL. Without appropriate procedures in place, the process for adding and disposing properties may be unclear, which may lead to inaccurate or incomplete data in the QL system.

2.1.2 Estates Compliance

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

Scope

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

The London Borough of Barnet (the "Council") owns or maintains approximately 800 properties that make up the Council's corporate estate. The Council has the statutory obligation to ensure there is a good Health & Safety (H&S) regime in place. The H&S policy and plan should be able to reduce the risk of harm or accidents to a satisfactory level.

To meet this obligation, the Council is required to have a proactive, effective and efficient statutory building compliance management plan in place.

This audit focused on the following areas:

1. A review of the adequacy of the Council's Building Compliance Management Policies and Procedures, to ensure they are reflective of the required management arrangements and also satisfy the Council's Duty Holder roles and responsibilities.
2. A review of the adequacy of CSG Estates' (the appointed Managing Agents) Compliance Management Operating Procedures to ensure they adequately reflect the Council's requirements and how compliant the Council is with its roles and responsibilities as Duty Holder. The audit focused on safety critical inspections but also reviewed all other inspections and surveys that are undertaken as part of the agreed Annual Work Plan.

Summary of findings

This audit identified 1 high and 3 medium risk findings.

Management have confirmed that no immediate risk to health and safety resulted from any of the issues identified in this audit report. Remedial works identified in the audit were classified as Priority 1 (safety critical) but that doesn't necessarily mean that they present an imminent risk to health and safety.

We identified the following issues as part of the audit:

- **Remedial Works - Completion Within Appropriate Framework (High):** We noted that 63% (19 out of a sample of 30) of identified remedial works were delayed for between 2-4 months. 14/19 (74%) of the delayed items were designated High priority risks. There is no performance indicator for this area to facilitate monitoring.

- **Policies and Procedures - Output Specification (Medium):** A (CSG) contract is in place that relates to all areas of Estates, whilst Output Specs and Performance Indicators are established for each Service Area. Deeds of Variation (DOV - two have been created to date) set out changes to the original contract. These are in turn appended to the Output Specifications. During the field work we established that although there are shared folders and various up to date records relating to the Output Spec for Estates, the output specification has not been updated since it was produced in 2013 and that all the various specification changes to the contract were not consolidated in one place for easy access. The Estates Priority 1 Building Compliance Escalation Protocol (EPCEP) is a document which is not version controlled, although it is specifically referred to in the contract. There is therefore a risk that staff will work from several different versions of documents or knowledge will be lost when experienced staff leave.
- **Inspection – Safety Critical Compliance (Medium):** Parameter changes to meet national standards (which were longer than the timescales in place) had not been implemented in the system; and there was also an administrative impact of the COVID19 Pandemic. As a result, although there were delays, they were not as severe as initially suggested by the data made available to Internal Audit.
- **Governance - Special Project Initiation Requests (SPIRs) (Medium):** Contract Monitoring meeting reports suggested 40 cases where there were delays in the approval of Special Project Initiation Requests (SPIRs) sent by CSG to LBB for approval. The delays ranged between 1-19 months. However, inconsistency in the format of reports and conversations with responsible officers suggested reports were not accurate and approvals had already been given in the majority of cases. The anomalies had not been identified by the Contract Monitoring Team who rely on the information for decision-making.

Appropriate actions have been agreed and as these all had implementation dates of 31st December or sooner, the follow-up work has already been completed. Please see section 4.0 for the detail on the outcome of this work.

3.0 Progress against plan

The table below represents a summary of the work that we have completed during the period 1st October 2021 to 31st December 2021 or that is currently underway.

Stage	Name of review	Report classification	Total findings	Ratings				
				Critical	High	Medium	Low	Advisory
Q3 – 1 October – 30 December 2021								
Complete	QL Housing system	Limited	5	-	1	3	1	-
Complete	Estates Compliance	Limited	4	-	1	3	-	=
Complete	Trade Waste	Reasonable	3	-	1	1	1	-
Complete	VAT	Reasonable	6	-	-	4	2	-
Complete	Council Tax	Reasonable	5	-	-	4	-	1
Complete	Church Hill School	Reasonable	8	-	-	4	4	-
Complete	Tudor Primary School	Reasonable	7	-	-	5	2	-
Complete	All Saints (CE) School NW2	Reasonable	6	-	-	2	4	-
Complete	Livingstone School	Reasonable	6	-	-	3	3	-
Complete	St Mary's School (N3)	Reasonable	5	-	-	3	2	-
Complete	Barnfield School	Reasonable	5	-	-	2	3	-

Complete	Agency Staff Follow-up	Implemented		-			-	-
Complete	Pensions Follow-up	Implemented		-			-	-
Complete	COVID19 Business Grants – Post Payment Assurance Phase 1	Substantial	-	-	-	-	-	-
Complete	Disabled Facilities Grant certification	N/A	-	-	-	-	-	-
Complete	Supporting Families Programme – Payment by Results Q3	N/A	-	-	-	-	-	-
Total findings in Q3			60	0	3	34	22	1
Draft Report	Equality, Diversity and Inclusion (EDI) Policy and Action Plan - Development and Governance review	N/A	-	-	-	-	-	-
Draft Report	COVID 19 Response and Recovery - Realtime Transaction Analysis (Phase 2)	N/A	-	-	-	-	-	-
Draft Report	COVID19 Business Grants – Post Payment Assurance Phase 2	N/A	-	-	-	-	-	-
Draft Report	IR35	TBC	-	-	-	-	-	-
Fieldwork	Finance Global Design Principles – Project Accounting	TBC	-	-	-	-	-	-
Fieldwork	Commercial Rents and Lease Renewals	TBC	-	-	-	-	-	-

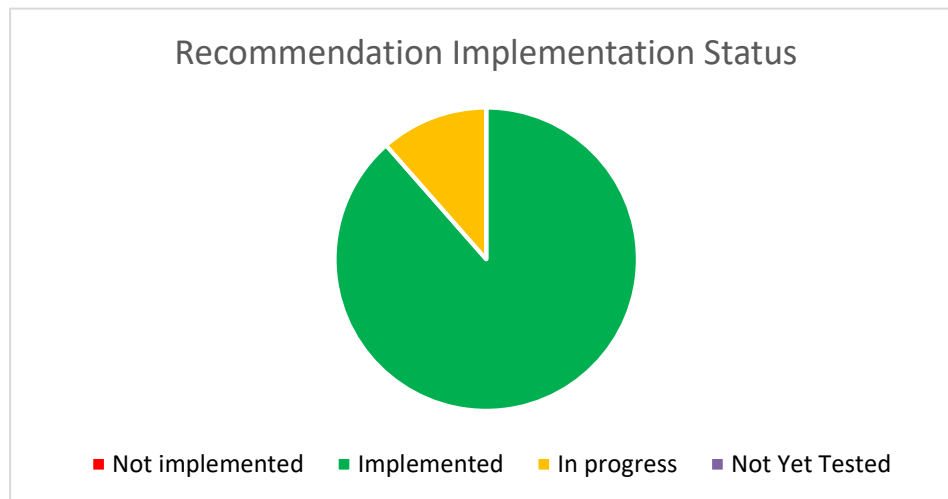
Fieldwork	Remote Working	TBC	-	-	-	-	-	-
Fieldwork	Direct Payments	TBC	-	-	-	-	-	-
Fieldwork	Staff Conduct Standards Compliance	TBC	-	-	-	-	-	-
Fieldwork	Premises Licensing and Gambling	TBC	-	-	-	-	-	-
Fieldwork	Local Land Charges outputs	TBC	-	-	-	-	-	-
Fieldwork	Parking – PCN Debt Recovery & Write offs	TBC	-	-	-	-	-	-
Fieldwork	Data Maturity	TBC	-	-	-	-	-	-
Fieldwork	Expenses	TBC	-	-	-	-	-	-
Fieldwork	St Johns N11	TBC						
Fieldwork	Beis Yaakov Primary School	TBC	-	-	-	-	-	-
Planning	Community Infrastructure Levy	TBC	-	-	-	-	-	-
Planning	Highways Health & Safety	TBC	-	-	-	-	-	-
Planning	Private Residential Blocks – Fire Safety	TBC	-	-	-	-	-	-
Planning	BELS GDPR	TBC	-	-	-	-	-	-
Planning	Finance Global Design Principles – Investment Appraisal	TBC	-	-	-	-	-	-
Planning	Green Waste	TBC	-	-	-	-	-	-

Planning	Risk Management	TBC	-	-	-	-	-	-
Q4								
Planning	Equalities – Succession Planning	TBC	-	-	-	-	-	-
Planning	Sustainability Strategy	TBC	-	-	-	-	-	-
Planning	Kickstart Programme	TBC	-	-	-	-	-	-
Not Started	Disabled Facilities Grant – Risk Based Audit of Processes	TBC	-	-	-	-	-	-
Not Started	Supporting Families Programme – Payment by Results Q4	TBC	-	-	-	-	-	-
DEFERRED Current reviews of Investment Appraisal and Project Accounting on-going. A sample of projects using the toolkit will be reviewed in 2022.23	Project Management Toolkit – Project Compliance	N/A	-	-	-	-	-	-

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 22 high priority and 39 medium priority actions due by 30 December 2021. 18 high priority and 36 medium priority actions were found to be implemented, superseded or closed. The remaining 4 high and 3 medium actions tested were found to be in progress.

* 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.	Land Charges - Review of Planning Data Controls and Policies December 2020	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: a) A vision and strategy including objectives and priorities b) An operating model including defined roles and responsibilities c) Change management	Partially implemented – Limited Progress LOTI (London Office for Technology and Innovation) is currently coordinating Pan-London Data Management and Data Ethics Strategies, and a set of principles is currently being developed and will be shared on the Insight & Intelligence Hub for the Council. Revised deadline: 31st March 2022	Head of Organisational Insight & Intelligence, LBB	31/3/2021 then 31/10/2021	2

		including communication, awareness and training d) Monitoring including metrics and KPIs.				
2.	Land Charges - Review of Planning Data Controls and Policies December 2020	1.7. We will support an audit of outputs in 2021 to provide assurance that the risks identified have not materialised into issues.	Partially Implemented – Good Progress Currently at the fieldwork stage of the audit to provide assurance that risks identified have not materialised into issues. Report to be issued during Q4. Revised deadline: 28 th February 2022	Transformation Manager With Internal Audit	31/10/2021	1
3.	Land Charges – Review of Planning Data Controls and Policies December 2020	2.6. We will develop a communication plan to present and share data quality initiatives and sustaining activities between the different teams.	Partially Implemented – Limited Progress The Insight & Intelligence (I & I) team will develop a set of principles for the Council and share them on I&I Hub. The team are looking to do some breakfast briefings in March 2022 to include various tools and knowledge sharing. Data Management will be included in these. Revised deadline: 31st March 2022	Transformation Manager Update: now Head of Organisational Insight & Intelligence, LBB	31/3/2021 then 31/10/2021	2
4.	Estates Compliance November 2021	b) CSG Management will propose to the authority an update to the existing KPI that recognises: 1. The compliance	Partially implemented – Good Progress Process changes have already been implemented and agreement of the revised KPI is underway. Revised deadline: 31st March 2022	Head of Building Services, CSG Building Compliance Officer, LBB	30/11/2021	1

		<p>elements being measured e.g., Fire and Water Risk Assessments</p> <p>2. The individual steps required to inspect, define, procure and deliver the required remedial works.</p> <p>3. The steps and associated timescales will nominate an owner recognising that accountability can shift from the service provider to the contractor through the lifecycle of the works.</p>					
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4.2.3 Outstanding medium priority actions

	Audit Title	Audit Date	Ref	Finding	Action	Responsible officer	Due date	Progress report for Audit Committee February 2022

1.	Finance Global Design Principles Follow-Up: Account Receivable	28/06/2021	2a	Accuracy of Credit Note Processing - Approval limits	<i>a) The Chief Accountant will agree separate delegated limits needed for credit notes as to what limits shall apply to each category of staff either through a separate document applying to credit note processing or by staff post</i>	Head of Finance Chief Accountant Update: remaining action (system change) now with Capita Finance Systems CST Manager	30/11/21	Partially Implemented The completion of this action requires a system change and is also a change to the way Budget Managers operate. This requires stakeholder engagement and Head of Service approval. The system change is progressing and has been added to the Contract monitoring meetings to ensure it is regularly discussed with CSG and progress reviewed. Revised target date: 30th April 2022
2.	Finance Global Design Principles Follow-Up: Account Receivable	28/06/2021	2b	Accuracy of Credit Note Processing - Approval limits	<i>b) The Systems Manager will devise a system to implement a process of locking down credits notes to who can raise them, and who can authorise them based on the position of the person who raised them.</i>	Finance Manager – Financial Systems and Assistant Income Manager Update: remaining action (system change) now with Capita Finance Systems CST Manager	30/11/21	Partially Implemented As above

3.	Parking - PCN Cancellations 2019-20	15/09/2021	2f	Cancelling / Issuing Blue Badge PCNs without CAFT Awareness	<i>f) CAFT and Parking will work together to review the training that NSL Civil Enforcement Officers (CEOs) are receiving on identification of potential Blue Badge misuse.</i>	Assistant Director, Parking	31/10/2021	Partially Implemented CAFT confirmed that formal training has been delivered twice, however due to the high turnover of staff further training may be needed in the new year on identifying further Blue Badge misuse. We consider this partly implemented.
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4.3 Completed actions

4.3.1 During this period we followed up 18 high priority and 36 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
1.	Pension Fund Finance and Investment July 2019	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.	Pensions Manager	31 Dec 2021
2.	Pensions Administration Governance Transition December 2020	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.	Head of Pensions	31/07/2021

3.	Pensions Administration Governance Transition December 2020	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.	Head of Pensions	31/07/2021
4.	Pensions Administration Governance Transition December 2020	Benefit process will be routinely discussed with WYPF.	Pensions Manager	Original Due Date not applicable. Ongoing
5.	Pensions Administration Governance Transition December 2020	For data remediation and reporting, see action plans against findings 1 and 2.	Head of Pensions	31/7/2021
6.	Agency Staff Review July 2021	a) The RACI will be reviewed and updated, in line with the policy & procedure documentation (refer to finding 2), to ensure appropriate roles are detailed.	Commercial Performance & Development Manager	30/09/2021
7.	Agency Staff Review July 2021	b) A review schedule will be created to ensure that the RACI is maintained and updated periodically (e.g., annually, or in line with relevant policy review or changes).	Commercial Performance & Development Manager	30/09/2021
8.	Agency Staff Review July 2021	c) The updated RACI matrix will be communicated to all current recruitment managers.	Commercial Performance & Development Manager	30/09/2021
9.	Agency Staff Review July 2021	d) The latest version of the RACI will be made available to all relevant individuals and teams via the intranet.	, Commercial Performance & Development Manager	30/09/2021

10.	Agency Staff Review July 2021	a) Pre-employment checks will be reviewed, prior to an agency worker starting work, to ensure that they are complete, valid and in line with Council requirements by an appropriate individual as documented in the updated RACI matrix/policy documents (e.g., the Recruiting Manager).	Business Manager (Matrix)	31/07/2021
11.	Agency Staff Review July 2021	b) Matrix will provide LBB contract managers with appropriate reports detailing the results of the pre-employment checks performed in order for LBB to monitor compliance as part of the contract management meetings.	Business Manager (Matrix)	31/07/2021
12.	Agency Staff Review July 2021	c) The policy defining approval requirements and expectations will be reviewed and updated to reflect appropriate current working practices, including reinforcing audit trail responsibilities, which will be in line with the revised RACI matrix.	Senior HR Business Partner	31/07/2021
13.	St Joseph's Catholic Primary School March 2021	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.	Executive Headteacher/Finance Officer/Governors	30/06/2021
14.	The Orion Primary School July 2021	The school will appoint a new Clerk to the Governing Body who will have the skills to guide the Governing Body and ensure that a correct and complete record of the governing body's decisions is retained. A skills audit will be completed to identify governor training needed, and the Governing body vacancies will be filled with skilled members who will contribute to the effective governance and success of the schools. Business Interest forms will be completed by all Governors annually. In accordance with 'The Constitution of Governing Bodies of Maintained Schools' The website should describe the structure and remit of the governing body and any committees and give the full names of the chair of each. For each governor who has served at any point over the past 12 months the information should contain: <ul style="list-style-type: none"> • Their full names, date of appointment, term of office, date they stepped down (where applicable), who appointed them (in accordance with the governing body's instrument of government.) • Relevant business and pecuniary interests (as recorded in the register of interests) including Governance roles in other educational institutions and material interests arising from relationships between governors or relationships between governor and school staff • Their attendance record at governing body and committee meetings over the last academic year 	Principal/Governing Body	01/11/2021

		The declaration should include any associate members, stating any committees on which they have voting rights."			
15.	Finance Global Design Principles Follow-Up: Accounts Receivable June 2021	a) Budget Managers will take responsibility for credit notes raised and allocated in their area. Budget Managers will track and report on credit notes raised in their budget area and ensure that all outstanding unallocated credit notes are matched with their invoices.	Budget Managers in all Directorates	30/09/2021	
16.	Finance Global Design Principles Follow-Up: Accounts Receivable June 2021	b) Finance Managers will ensure there is a regular (as appropriate to the service, at least half yearly) review of credit notes to identify where processes have lapsed with a view to moving credit notes through the system.	Assistant Director Communities and Performance supported Head of Finance, Adult Social Care & Public Health	30/9/2021	
17.	Parking - PCN Cancellations September 2021	Management will expedite actions to ensure a legally binding contract is in place as soon as possible.	Assistant Director, Parking	31/10/21	31/10/2021
18.	Estates Compliance November 2021	a) Management will review the process of completing the high risk and the medium risk remedial work to ensure prompt repairs.	Head of Building Services, CSG Building Compliance Officer, LBB	30/11/2021	

4.3.3 Completed medium priority actions

	Audit Title	Audit Date	Ref	Finding	Action	Responsible officer	Due date
1	Pension Administration Governance Transition	15/12/2020	6	<p>Project risk register is not routinely reviewed and updated</p> <p>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.</p>	The finding will be considered as part of the formal project debrief and captured in the lessons learnt.	Project Director	31/1/2021
2	Pensions Administration Governance Transition	15/12/2020	7	<p>The finding will be considered as part of the formal project debrief and captured in the lessons learnt.</p> <p>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.</p>	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

3	Pensions Administration Governance Transition	15/12/2020	8	<p>Instances of non-attendance at Project Board meetings by core Project Board members</p> <p>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.</p>	See formal project debrief and lessons learnt action plan in finding 6.	Project Director	31/1/2021
4	Finance Global Design Principles Follow-Up: Account Receivable	28/06/2021	3a	Authorisation of Refunds - Lack of interface:	a) When a refund is entered and matched to an invoice/account, a PDF report will be generated summarising the entry (content to be agreed) to replace evidence from Integra that the account is in credit (by way of Screen shot of the unallocated payment on the customer account). The PDF report will be generated automatically on allocation and sent by email to either a) the person entering the refund, b) person matching the refund to a payment/credit note or c) AR team. This will need to go to the person who will submit the request in AP.	<p>Assistant Director Communities and Performance</p> <p>Head of Finance, Adult Social Care & Public Health</p>	31/07/2021

5	Finance Global Design Principles Follow-Up: Account Receivable	28/06/2021	3b	Authorisation of Refunds - Lack of interface:	b) In the longer term, the AP form/process will be amended by the systems team. When the exception code of refund is selected, the form will prompt for the refund reference number from the Sales Ledger. This will only allow the selection of a fully allocated refund that has not been processed before. (When the manager is approving, they will be presented the name and address details of the customers to compare to the details provided on who is to be paid. This will remove the requirement from Integra that the account is in credit (by way of Screen shot of the unallocated payment on the customer account).	Finance Manager – Financial Systems Capita Finance Systems CST Manager	30/09/2021
6	Finance Global Design Principles Follow-Up: Account Receivable	28/06/2021	3c	Authorisation of Refunds - Lack of interface:	c) The change at (b) will be added to the changes discussed at the AP/Integra/Schools Traded Services Contract Monitoring Meeting (CMM), so this can be monitored to completion.	Head of Finance (Exchequer)	30/09/2021
7	Finance Global Design Principles Follow-Up: Fixed Assets	31/05/2021	2a	Missing deed packs	a. HBPL will assess the legal implications of not being able to locate BB packs for Council properties.	Senior Lawyer & Team Leader – Property (Harrow Barnet Public Law (HPBL)	01/07/2021

8	Finance Global Design Principles Follow-Up: Fixed Assets	31/05/2021	2b	Missing deed packs	<p>b. Actions will be agreed and implemented based on HBPL assessment including engaging the relevant parties (for example, Estates and Records Management). This will include HPBL re-opening the discussion for implementation of the project/initiative for the completion of the registrations of the Council's remaining unregistered land interests.</p> <p>Note: The Assistant Director – Estates confirmed that Estates will engage with any actions arising from HBPL's assessment of the implications of not being able to locate deed packs</p>	Senior Lawyer & Team Leader – Property (Harrow Barnet Public Law (HPBL)	01/07/2021
9	Finance Global Design Principles Follow-Up: Fixed Assets	31/05/2021	2c	Communication between Legal and Finance	c. In instances where HPBL are involved with a property transaction relevant to Council property (HRA and General Fund), HBPL will ensure that related information is communicated to the Financial Accounting and Controls Team responsible for fixed assets processing. A circulation will be agreed for the dissemination of information following the completion of transactions.	Senior Lawyer & Team Leader – Property (Harrow Barnet Public Law (HPBL)	01/07/2021
10	Finance Global Design Principles Follow-Up: Fixed Assets	31/05/2021	2d	Communication between Legal and Finance	d. The Financial Accounting and Controls Team will clarify the type of transactions/information relevant to properties they require from HBPL.	Finance Manager – Financial Control Team	01/07/2021

11	Finance Global Design Principles Follow-Up: Cash and Bank	28/06/2021	1d	Bank listing and bank authorised signatory lists	d. The schools authorised signatory list will be reviewed to ensure that it is up to date with all schools' bank accounts and the correct authorised signatories and that it is consistent with the related records held at the bank.	Finance Manager	01/08/2021
12	Finance Global Design Principles Follow-Up: Cash and Bank	28/06/2021	4b	Bank reconciliations	b. Corporate Finance will maintain periodic oversight of bank reconciliations of the 11 imprest bank accounts to ensure that they are done consistently and accurately	Assistant Finance Manager – Cash & Banking Registered Manager Meadow Close	01/08/2021
13	Agency Staff Review	01/07/2021	3a	Awareness of Policies	a) The policy will be reviewed in line with the RACI matrix and updated where necessary.	Senior HR Business Partner	31/07/2021
14	Agency Staff Review	01/07/2021	3b	Awareness of Policies	We will communicate to all service users the expectations of them as recruitment managers, and this will make specific reference to ensure that familiarity with all relevant policies and procedures remains the responsibility of the recruitment manager.	Senior HR Business Partner	31/07/2021
15	Agency Staff Review	01/07/2021	3c	Awareness of Policies	A link to the policies and procedures held on the Council's intranet will be made available through the Matrix system.	Business Manager (Matrix)	31/07/2021
16	Agency Staff Review	01/07/2021	3d	Awareness of Policies	Matrix will also investigate options to prompt new users of the service to refer to the appropriate policies (e.g., via the welcome email or equivalent)	Business Manager (Matrix)	31/07/2021

17	Agency Staff Review	01/07/2021	3e	Awareness of Policies	Matrix will review the system settings to ensure that 12-week placement periods are systematically enforced.	Business Manager (Matrix)	31/07/2021
18	Agency Staff Review	01/07/2021	4a	Length of Service	a) We will ensure that conversations held in relation to appropriate length of service are reflected via length of service MI as a standing reporting requirement for all contract meetings.	Procurement Business Partner	31/07/2021
19	Agency Staff Review	01/07/2021	4b	Length of Service	b) We will update the appropriate policies and RACI matrix to emphasise the responsibilities of recruitment managers to ensure that length of service greater than 12 weeks is appropriately scrutinised and justified, including considerations for workers' rights and value for money.	Senior HR Business Partner	31/07/2021
20	Estates Compliance	05/11/2021	2a	Policies and Procedures: Output Specification	a) The Commercial Team will consider the resources needed to complete the review of the contract/KPI documents recently updated and passed to LBB for approval.	Acting Head of Commercial Management	30/10/2021
21	Estates Compliance	05/11/2021	2b	Policies and Procedures: Output Specification	b) The Commercial Team will then employ the necessary resource to ensure that all the changes made to the contract specifications are consolidated for easy access.	Acting Head of Commercial Management	30/10/2021
22	Estates Compliance	05/11/2021	2c	Policies and Procedures: Output Specification	c) The Estates Priority 1 Building Compliance Escalation Protocol (EPCEP) will be formalised, and version controlled as appropriate.	Head of Commercial Management	30/10/2021
23	Estates Compliance	05/11/2021	3a	Inspection - Safety Critical Compliance.	a) The correct frequencies of the safety critical inspections will be uploaded on the system to ensure accurate reporting.	Head of Building Services, CSG	30/12/2021

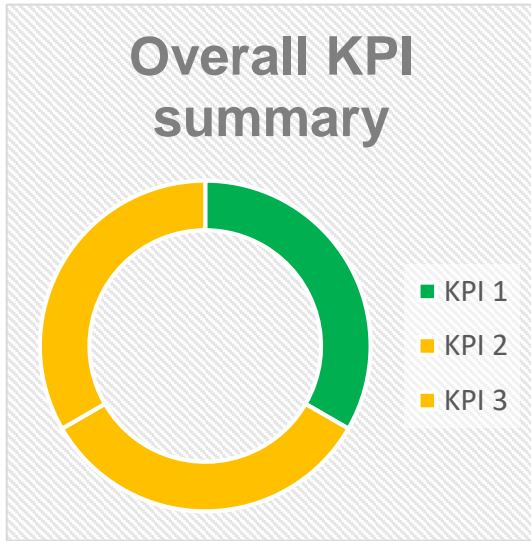
24	Estates Compliance	05/11/2021	3b	Inspection - Safety Critical Compliance.	b) Management will ensure resources are in place to facilitate system administration improvements to ensure that reports produced are prompt and are complete and accurate.	Head of Building Services, CSG	30/12/2021
25	Estates Compliance	05/11/2021	3c	Inspection - Safety Critical Compliance.	c) Management will review the safety critical service programmes jointly with LBB as these should consist of statutory and legislative obligations only with regards to testing.	Head of Building Services, CSG	30/12/2021
26	Estates Compliance	05/11/2021	4a	Governance - Special Project Initiation Requests (SPIRs/SPRRs)	a) Management will ensure that statistics or information provided in the monthly report (such as the Special Project Initiation Requests) is accurate and timely to enable management to make informed decisions.	Associate Director – Estates (CSG) Adaobi Nwachukwu, Special Projects Officer (LBB)	30/10/2021
27	Estates Compliance	05/11/2021	4b	Governance - Special Project Initiation Requests (SPIRs/SPRRs)	b) Management will ensure consistency in its reporting format to guarantee easy comparison of data and relevant information for decision making.	Associate Director – Estates (CSG) Adaobi Nwachukwu, Special Projects Officer (LBB)	30/10/2021
28	Parking - PCN Cancellations	15/09/2021	2a	Cancelling / Issuing Blue Badge PCNs without CAFT Awareness	a) The PCN Cancellation Procedure document will be updated to reflect the new arrangements, including with CAFT with regards to the “one time only educational discretionary” cancellations	Assistant Director, Parking	31/10/2021

29	Parking - PCN Cancellations	15/09/2021	2b	Cancelling / Issuing Blue Badge PCNs without CAFT Awareness	b) CAFT will be informed of all PCNs issued to blue badge holders in accordance with the updated Cancellation Procedure	Assistant Director, Parking	31/10/2021
30	Parking - PCN Cancellations	15/09/2021	2c	Cancelling / Issuing Blue Badge PCNs without CAFT Awareness	c) A system will be put in place to ensure that information about Blue Badge concerns out of hours will be sent to the CAFT team by email.	Assistant Director, Parking	31/10/2021
31	Parking - PCN Cancellations	15/09/2021	2d	Cancelling / Issuing Blue Badge PCNs without CAFT Awareness	d) The parking team will ensure there is consultation with CAFT before any blue badge PCN is cancelled.	Assistant Director, Parking	31/10/2021
32	Parking - PCN Cancellations	15/09/2021	2e	Cancelling / Issuing Blue Badge PCNs without CAFT Awareness	e) Suspected fraudulent usage of disabled blue badges will be reported to CAFT to ensure prompt investigation.	Assistant Director, Parking	31/10/2021
33	Parking - PCN Cancellations	15/09/2021	3a	PCN Appeals, Cancellations and Waivers Processing	a) Management will review their existing cancellation procedures document to ensure the effectiveness and efficiency of the process and reduce inconsistent practices. This should include reporting suspected fraudulent Blue Badge appeals to CAFT.	Assistant Director, Parking	31/10/2021
34	Parking - PCN Cancellations	15/09/2021	3b	PCN Appeals, Cancellations and Waivers Processing	b) Management will ensure that Vehicle registration numbers, addresses and business details given as evidence in support of the appeal are checked to verify that they are genuine.	Assistant Director, Parking	31/10/2021

35	Parking - PCN Cancellations	15/09/2021	3c	PCN Appeals, Cancellations and Waivers Processing	c) As part of the process for considering appeals submitted, details of previous PCN Appeals for the same registration number will be scrutinised (i.e., grounds for the appeal and supporting details provided) to detect deliberate fraud.	Assistant Director, Parking	31/10/2021
36	Parking - PCN Cancellations	15/09/2021	3d	PCN Appeals, Cancellations and Waivers Processing	d) A database of relevant information previously submitted in support of appeals for PCN cancellations will be considered, to be kept for reference purposes.	Assistant Director, Parking	31/10/2021

Appendices

Appendix A: Key performance indicators (KPIs)



KEY:

Fully Achieved

Partially Achieved

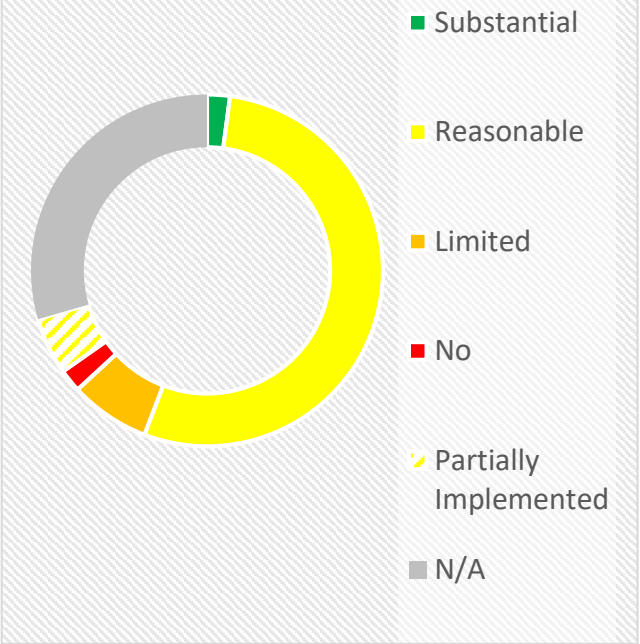
Not Achieved

N/A



KPI	Target	Results	Comment										
1. % Of Plan delivered	71%	71%	<p>Q1 target: 24%</p> <p>Q2 target: 48%</p> <p>Q3 target: 71%</p> <p>Q4 target: 95%</p> <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>Up to 50% of target = Not Achieved 51% - 99% of target = Partially Achieved 100% of target = Fully Achieved</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%												
2. Verification that at least 90% of High and Medium Risks have been mitigated by management at the time of follow up	90%	89%	<p>0-49% = Not Achieved</p> <p>50-89% = Partially Achieved</p> <p>90% = Fully Achieved</p>										
3. Average customer satisfaction score for year to meet or exceed acceptable level for at least 85% of completed surveys	85%	83%	<p>0-49% = Not Achieved</p> <p>50-84% = Partially Achieved</p> <p>85% = Fully Achieved</p> <p>Note: 1 of 6 responses rated as Adequate meaning target not met.</p>										

Assurance Ratings



4. % Of reports year to date achieving:			
•Substantial		2%	
•Reasonable	N/A	51%	
•Limited		7%	
•No Assurance		2%	
•Partially Implemented		5%	
•N/A		28%	

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AGENDA ITEM 9

Audit Committee
14th February 2022

Title	Invitation to opt-in to the national scheme for auditor appointments for 2023/24 to 2027/28 audits
Report of	Chief Executive and Executive Director of Resources
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	None
Officer Contact Details	Anisa Darr – Executive Director of Resources Anisa.Darr@Barnet.gov.uk 020 8359 7634

Summary

This paper recommends a sector-led approach to the procurement of external audit services on the basis of cost, resource availability and value for money covering audits for 2023/24 to 2027/28.

Officers Recommendations

That Audit Committee:

1. Recommends to Council that it:
 - a) accepts the Public Sector Audit Appointments (PSAA) invitation to ‘opt in’ to the sector led option for the appointment of external auditors for five financial years commencing 1 April 2023; and
 - b) delegates authority to the Executive Director of Resources to respond to the invitation and take the necessary steps to finalise the appointment itself following the PSAA procurement process.

2. Notes that its recommendations will be included in the Council's Annual Budget report to Full Council on 1 March 2022

1. WHY THIS REPORT IS NEEDED

- 1.1 The Local Audit and Accountability Act 2014 ('the Act') brought to a close the Audit Commission and established transitional arrangements for the appointment of external auditors and the setting of audit fees for all local government and NHS bodies in England. Thereafter, local authorities would be responsible for appointing their own external auditors under the overall framework required by the Act.
- 1.2 Following the introduction of the Act, a sector-led appointments body, Public Sector Audit Appointments Limited (PSAA) was established. Authorities have the choice to 'opt in' to such a body and the decision whether to opt into a sector-led procurement exercise is a decision required to be taken by Full Council.
- 1.3 On 30th Jan 2017, Audit Committee recommended to Full Council to approve the decision to 'opt in' to the sector led procurement of external audit services established by PSAA for the period covering the accounts for 2018/19 to 2022/23 and the appointed auditor for that period is BDP LLP.
- 1.4 PSAA is now undertaking a procurement for the next appointing period, covering audits for 2023/24 to 2027/28. At this point all local government bodies need to make decisions about their external audit arrangements from 2023/24 onwards. They have options to arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or they can join and take advantage of the national collective scheme administered by PSAA. If the Council wants to opt in to the PSAA arrangements a decision is required of Full Council and notification of that decision needs to be communicated to the PSAA by 11th March 2022.
- 1.5 This paper provides a summary of the options available to the Authority for audit of the accounts from 2023/24 to 2027/28 inclusive and makes a recommendation the Audit Committee make a recommendation to Full Council to opt in to the PSAA procurement process.
- 1.6 This report sets out the evaluation undertaken by officers to establish the most appropriate arrangements for the Council with this regard and recommends that it is noted that the Audit Committee and officers have expressed concern over the external audit arrangements and particularly the delays which have ensued over the past year and will review the potential for input into the PSAA process.

2. REASONS FOR RECOMMENDATIONS

2.1 Background

- 2.1.1 Under the Local Government Audit & Accountability Act 2014 ("the Act"), the Council is required to appoint an auditor to audit its accounts for each financial year. The Council has three options:
 - To appoint its own auditor, which requires it to follow the procedure set out in the Act;

- To act jointly with other authorities to procure an auditor following the procedures in the Act;
- To opt into the national auditor appointment scheme administered by a body designated by the Secretary of State as the 'appointing person'. The body currently designated for this role is Public Sector Audit Appointments Limited (PSAA).

2.1.2 In order to opt into the national scheme, a council must make a decision at a meeting of the Full Council.

2.1.3 The auditor appointed at the end of the procurement process will undertake the statutory audit of accounts and Best Value assessment of the council in each financial year, in accordance with all relevant codes of practice and guidance. The appointed auditor is also responsible for investigating questions raised by electors and has powers and responsibilities in relation to Public Interest Reports and statutory recommendations.

2.1.4 The auditor must act independently of the council and the main purpose of the procurement legislation is to ensure that the appointed auditor is sufficiently qualified and independent.

2.1.5 The auditor must be registered to undertake local audits by the Financial Reporting Council (FRC) and employ authorised Key Audit Partners to oversee the work. Auditors are regulated by the FRC, which will be replaced by a new body with wider powers, the Audit, Reporting and Governance Authority (ARGA) during the course of the next audit contract.

2.2 The External Audit Market & current PSAA contract

2.2.1 Issues in the External Audit market are well trailed, with firms across the spectrum not achieving audit deadlines. Across the spectrum, as at 24 November 2021, only 23% of 2020/21 audit opinions had been delivered.

2.2.2 There are only a limited number of local audit firms and audit partners that are registered with the Institute of Chartered Accountants of England and Wales (ICAEW) from which local authorities can appoint from. The strength of the market and attractiveness (or otherwise) of Local Authority audit to firms was highlighted in the Redmond Review which was published on 8 September 2020 and was an independent review into the effectiveness of local authority financial reporting and audit regimes in England. It reported that current fee structures do not enable auditors to fulfil the role in an entirely satisfactory way and reported a significant risk that the firms currently holding local audit contracts would withdraw from the market.

2.2.3 We also need to be mindful that the relatively small market means that we may not obtain a sufficient interest in an independent procurement strategy and a real risk that an independent procurement would not achieve value for money. Audit fees are anticipated to increase from their current levels to address existing market failings (paragraphs 2.23 and 2.24 above refer) and increased audit requirements, and through economies of scale the PSAA scheme is likely to provide the best mitigation against this.

2.2.4 A joint procurement exercise could mitigate but not eliminate some of the risks of an independent procurement, however, there are further complications not least the current lack of appetite for such an arrangement which means this is not a recommended route.

2.2.5 The Government committed to take action to support stability in the local audit market. Ministers announced £15million in additional funding in 2021/22 to support local bodies to meet an anticipated rise in audit fees in 2021/22, driven by new requirements on auditors including the 2020 Code of Audit Practice.

2.2.6 The Chair of the PSAA wrote in a recent LGC article of the PSAA's strategy which aims to retain the involvement of existing experienced suppliers but also to give new firms an opportunity to join the market through a plan to offer a graduated range of lot sizes including one or two specially designed 'development lots' aimed at new entrants. Quality is also emphasised as a key theme within the procurement. As well as the need to deliver audits which meet all of the requirements of the National Audit Office's code of audit practice including the auditing and ethical standards set by the Financial Reporting Council (FRC) emphasis is on the need to meet the expectations of audited bodies and the timeliness of audit opinions is given a particular mention. Consequently, it is stated that the procurement process will place increased emphasis on bidders' plans to resource audits appropriately, prioritising not only capacity but also capability including sector knowledge.

2.3 Opting in to the national PSAA scheme

2.3.1 The national PSAA scheme offers authorities the simplest and most economical route to auditor appointment. It avoids the need to undertake an auditor procurement and ongoing contract management activities (such as fee variation management), saving local time, effort and cost; and negotiating contracts with the audit firms nationally maximises the opportunities for maximising value for money for the whole sector.

2.3.2 As PSAA is set up as an independent appointing person it also negates the need to establish a local auditor panel, which could be difficult, costly and time-consuming. PSAA also provides the most independent option to auditor appointment and contract management.

2.3.3 The PSAA itself has considerable expertise and experience in the role of appointing auditors, with a dedicated team that is very familiar with the relevant regulations to appoint auditors, manage contracts with audit firms, and set and determine audit fees.

2.4 Recommendation

2.4.1 This paper recommends that the council opt into the national auditor appointment scheme administered by the PSAA.

2.4.2 The PSAA is specified as the 'appointing person' for principal local government under the provisions of the Act and the Local Audit (Appointing Person) Regulations 2015. PSAA let five-year audit services contracts in 2017 for the first appointing period, covering audits of the accounts from 2018/19 to 2022/23. It is now undertaking the work needed to invite eligible bodies to opt in for the next appointing period, from the 2023/24 audit onwards, and to complete a procurement for audit services. PSAA is a not-for-profit organisation whose costs are around 4% of the scheme with any surplus distributed back to scheme members.

2.4.3 The national opt-in scheme provides the following:

- the appointment of a suitably qualified audit firm to conduct audits for each of the five financial years commencing 1 April 2023;
- appointing the same auditor to other opted-in bodies that are involved in formal collaboration or joint working initiatives to the extent this is possible with other constraints;

- managing the procurement process to ensure both quality and price criteria are satisfied. PSAA has sought views from the sector to help inform its detailed procurement strategy;
- ensuring suitable independence of the auditors from the bodies they audit and managing any potential conflicts as they arise during the appointment period;
- minimising the scheme management costs and returning any surpluses to scheme members;
- consulting with authorities on auditor appointments, giving the Council/Authority the opportunity to influence which auditor is appointed;
- consulting with authorities on the scale of audit fees and ensuring these reflect scale, complexity, and audit risk; and
- ongoing contract and performance management of the contracts once these have been let.

2.4.4 The PSAA have contacted the Chair of the Audit Committee and the S151 officer with an invitation to opt into these national arrangements. The council needs to respond formally to PSAA's invitation in the form specified by PSAA by the close 11 March 2022.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 The Council may elect to appoint its own external auditor under the Act, which would require the Council to:

- Establish an independent auditor panel to make a stand-alone appointment. The auditor panel would need to be set up by the Council/Authority itself, and the members of the panel must be wholly, or a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, excluding current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority input to assessing bids and choosing to which audit firm to award a contract for the Council/Authority's external audit; and
- Manage the contract for its duration, overseen by the Auditor Panel.

3.2 Alternatively, the Act enables the Council/Authority to join with other authorities to establish a joint auditor panel. Again, this will need to be constituted of wholly or a majority of independent appointees. Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council would need to liaise with other local authorities to assess the appetite for such an arrangement.

Individual auditor panel and procurement

3.3 The CIPFA Guide to Auditor Panels published in 2015 considers the possible advantages and disadvantages of the set-up options for independent auditor panels.

3.4 Possible advantages of an individual panel include having full ownership of the tendering process and the ability to set bespoke contract terms with the auditor, such as duration.

3.5 However, it should be noted that the scope of a local audit is fixed. It is determined by the Code of Audit Practice (currently published by the National Audit Office), the format of the financial statements (specified by CIPFA/LASAAC) and the application of auditing

standards regulated by the FRC. The requirements are mandatory; they shape the work auditors undertake and have a bearing on the actual fees required.

- 3.6 Furthermore, some typical contract levers such as penalties for late delivery cannot be applied to an audit services contract, as fees calculated on the basis of a specified outcome (e.g. specific date completions) are classified as contingent fees, not allowed under the FRC's Ethical Standard.
- 3.7 We also need to be mindful of the administrative burden and costs of setting up an individual auditor panel. There are a limited number of audit providers eligible to audit local authorities and other relevant bodies under local audit legislation and we would in effect be seeking to attract the same bidders as would the national procurement exercise. The PSAA's measures to attract a wider pool as set out in paragraph 3.8-3.10 is also a factor in determining if the council as a standalone authority would be in a position to attract interest from the market.

Joint auditor panel and procurement

- 3.8 The running of a joint procurement, and creation of a joint auditor panel could potentially mitigate against some of the risks of undertaking an individual procurement as there may be some increase in interest from the market due to economies of scale as well as the potential of developing a level of specialism (e.g. inner-London authorities). Under this arrangement the administrative cost of running a joint audit panel would be shared by participants, and there would be a wider pool from which to attract appropriate panel members.
- 3.9 This option does however bring about an increase in complexity of arranging terms across multiple authorities and of operating a joint panel. Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each council under the Act. Discussions have been had at the Society of London Treasurers meetings and it is clear that there is not a strong appetite for such an arrangement and no one borough is driving a proposal of this kind.
- 3.10 Audit arrangements need to be in place by 31st December 2022 and if we were to fail to appoint under an individual or joint arrangement, PSAA have advised as below:

"... you may subsequently make a request to opt in, but only after 1 April 2023. We are required to consider such requests and agree to them unless there are reasonable grounds for their refusal. PSAA must consider a request as the appointing person in accordance with the Regulations. The Regulations allow us to recover our reasonable costs for making arrangements to appoint a local auditor in these circumstances, for example if we need to embark on a further procurement or enter into further discussions with our contracted firms".

4. POST DECISION IMPLEMENTATION

- 4.1 All of the above options require a local auditor to be appointed no later than 31 December 2022.
- 4.2 Having considered the options and furthermore engaged with other boroughs on this issue, officers assess that the benefits of pursuing local control over the auditor procurement and

appointment process are limited by the pre-defined scope of the audit, and the limited contract levers available for contract management.

- 4.3 Having considered the options available to the Council, it is recommended that the Audit Committee propose that the Council agree to opt in to the PSAA national scheme for the five-year period from 2023/24 to 2027/28. Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in to the PSAA national scheme or to appoint auditors directly must be made by a meeting of the Council as a whole. Furthermore, the council needs to respond formally to PSAA's invitation in the form specified by PSAA by the close of the opt-in period (11 March 2022).
- 4.4 It is recommended that authority is delegated to the Executive Director of Resources to respond to the invitation and take the necessary steps to finalise the appointment itself following the PSAA procurement process.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The external audit of the Authority's accounts is a statutory requirement and a key element of the Authority's Assurance Framework. The Assurance Framework supports the delivery of all of the Authority's priorities and objectives through providing independent assurance to Members over the arrangements for governance, risk management, internal control and financial management and reporting.
- 5.1.2 The work of the external auditor supports the achievement of best value in the Authority. Our auditors provide supportive challenge for our work, as well as broader knowledge of other organisations that allows us to compare our practice with best practice elsewhere.

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

- 5.2.1 The work of the external auditor supports the achievement of best value in the Authority. Our auditors provide supportive challenge for our work, as well as broader knowledge of other organisations that allows us to compare our practice with best practice elsewhere.
- 5.2.2 The 2020/21 fee for the external audit for the Authorities' accounts and the pension fund is expected to be £289k, which is contained within the Authority's Central Expenses budgets.
- 5.2.3 The report supports effective financial management at the Authority. There are no further financial implications as a direct result of this report.

5.3 Social Value

- 5.3.1 PSAA's audit services contracts covering the audits from 2018/19 to 2022/23 include a clause in relation to 'Co-operation with PSAA on environmental issues'. This states that "Throughout the Contract the Supplier shall co-operate with PSAA in seeking reasonable and practical ways to improve the sustainability of the delivery of the Services" so there is a requirement for the PSAA's contracted firms to consider environmental issues. The contract terms to be used for the 2022 procurement have yet to be determined, however the PSAA state that it is their intention to retain this contractual provision.

5.3.2 In addition, in its 2022 procurement PSAA will determine 5% of the bidders' tender evaluation score by the additional social value that they will deliver from the contract. In direct response to their June consultation on the draft scheme prospectus they have broadened the scope of social value that a bidder could provide in its response. The scope now includes sustainability and environmental concerns, and equality, diversity and inclusion, alongside apprenticeships and long-term development opportunities. The intention is to ask bidders to describe how their delivery of social value will be measured and evidenced to PSAA so that it will form part of contract management arrangements.

5.3.3 When PSAA develops its auditor appointment proposals following contract award to successful firms, one of the factors that will be considered is the location of the audit in relation to the locations of the contracted firms' local audit resources. There is the possibility that one of the outcomes from the remote working enforced by C19 is that auditors will travel less to clients, taking advantage of the significant improvements in video conferencing, but it will be some time before that can be assessed with any clarity.

5.4 **Legal and Constitutional References**

5.4.1 Section 7 of the Local Audit and Accountability Act 2014 ('the Act') requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year. Section 8 governs the procedure for appointment including that the authority must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Section 9 sets out the requirement to have an auditor panel.

5.4.2 Section 17 of the Act gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) ('the Regulations') and this gives the Secretary of State the ability to enable a Sector Led Body to become the appointing person. The Regulations also make certain modifications to the Act to disapply or modify the provisions of the Act in relation to opted in authorities, including that the requirement to have an auditor panel does not apply to such an authority and similarly that the authority does not have to consult and take into account the advice of the auditor panel.

5.4.3 Regulation 19 of the Regulations requires that a decision for the Council to join the sector led approach must be made by Full Council and cannot be delegated.

5.4.4 Section 151 of the Local Government Act 1972 requires that "...every local authority shall make arrangements for the proper administration of their financial affairs".

5.4.5 The Council is a public authority that is subject to the audit of its annual accounts by an external auditor. The Local Audit and Accountability Act 2014, Part 5 specifies the conduct of local audit.

5.4.6 Article 7 of the Council's Constitution details the functions of the Audit Committee and include "To review any issue referred to it by the Chief Executive...".

5.5 **Risk Management**

5.5.1 The work undertaken by the external auditor helps to minimise financial and control risks to the Authority and the implementation of their recommendations will strengthen the internal control environment.

5.6 Equalities and Diversity

5.6.1 Accurate financial reporting is important to ensure the management of resources to enable the equitable delivery of services to all members of the community, to reduce the differential impact of the services received by all of Barnet's diverse communities and 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 None in the context of this decision

5.9 Insight

5.9.1 None in the context of this decision

6. ENVIRONMENTAL IMPACT

6.1 None in the context of this report.

7. BACKGROUND PAPERS

Committee	Item & Agenda	Link
Audit Committee 14 July 2021	Item 13: Committee Forward Work Programme.	Agenda for Audit Committee on Wednesday 14th July, 2021, 7.00 pm (moderngov.co.uk)
Audit Committee 28 April 2021	Item 11: External Audit Plan 2020/21	https://barnet.moderngov.co.uk/documents/s64729/External Audit Plan 202021.pdf
Audit Committee 19 th October 2021	Item 10: External Auditor's Audit Completion Report for the year 2019/20 - details of Redmond Review	Agenda for Audit Committee on Monday 19th October, 2020, 6.30 pm (moderngov.co.uk)

Audit Committee 17 January 2017	Item 9: Invitation to opt-in to the national scheme for auditor appointments	Agenda for Audit Committee on Monday 30th January, 2017, 7.00 pm (modern.gov.co.uk)
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Audit Committee**14 February 2022**

Title	Corporate Anti-Fraud Team (CAFT) Q3 Progress Report 2021-22
Report of	Executive Director for Assurance
Wards	All
Status	Public
Urgent	NO
Key	NO
Enclosures	<i>Appendix 1 - CAFT Q3 Progress Report 1st October – 31st December 2021</i>
Officer Contact Details	Clair Green Executive Director for Assurance clair.green@barnet.gov.uk 0208 359 7791

Summary

This report covers the period 1st October – 31st December 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 October – 31st December 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 reported to this meeting.

2. REASONS FOR RECOMMENDATIONS

- 2.1 To agree and accept the Q3” report

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 None

4. POST DECISION IMPLEMENTATION

- 4.1 Any actions will be agreed implemented and logged for future audit committee

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 outlines in article 7 - The Audit Committee's terms of reference, details the functions of the Audit Committee including:

5.3.3 To monitor the effective development and operation of the Council's Corporate Anti-Fraud Team

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

6. **ENVIRONMENTAL IMPACT**

6.1 None in the context of this report.

7. **BACKGROUND PAPERS**

7.1 Audit Committee 14th December 2020 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

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Corporate Anti-Fraud Team (CAFT) Progress Report: 1 October 2021 – 31 December 2021

EXECUTIVE SUMMARY

This report is to provide a summary on the outcome of all CAFT work undertaken during 1 October 2021 to 31 December 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 **51** cases of alleged fraud. These investigations resulted in **6** recovery cases to the value of £45,369.49 which included a Covid-19 business grant, a recovery within Family services as well as recovery cases within the Council Tax department and **1** internal investigation resulting in disciplinary action being taken against **five** members of staff.

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 **162** 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). These investigations resulted **3** Prosecutions, **6** Cautions being administered and **13** warning letters. There are several cases that are currently being progressed to formal interviews and legal actions.

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 **197** cases of alleged Tenancy Fraud. These investigations resulted in **1** Prosecution for illegal subletting which included the recovery of the Council property and a £10,000 compensation award, **4** Homeless applications being denied, and **1** mutual exchange application denied. In addition to this, Tenancy fraud officers recovered **3** further properties this quarter saving on temporary accommodation costs and bringing those properties back into the Council's Housing Stock. Other cases continue to progress, as the ability to interview suspected offenders gathers pace.

There have been **14 Financial (Proceeds of Crime) Investigations** carried out this quarter. **13** of these are on-going and recovering of confiscation orders continues.

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.

National Fraud Initiative data matching exercises

The National Fraud Initiative (NFI) is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud and error. Barnet has a statutory duty as do all local authorities to take part in this national exercise and as a result in October and December 2020 Barnet submitted a number of data sets to the Cabinet Office for matching against other public-sector data sets. At the end of January 2021 this matching process returned **108** separate reports containing a total of **9,923** matches to Barnet. Investigation of these matches are still in progress. The Cabinet Office allows 18 months for the exercise to be completed with results being compiled and reported every 6 months. New data runs are being processed with new matches appearing on the reports. CAFT are in the process of signing up to the NFI Fraud Hub which enables the Council to run data sets any time to get more real time and accurate matches. This will also be used to prevent fraud by uploading application data as it comes in.

Fraud Awareness Week - 15 – 19 November 2021

This is a proactive week of action where the work of counter fraud officers is publicised, and advice given to staff as well as members of the public to assist with any concerns they may have. CAFT Officers were assisted by Community Safety Officers in a joint effort to combat fraud and other offences and raise awareness.

On street Blue Badge Operations were carried out during ‘**International Fraud Awareness Week**’ in November 2021 in the areas of Hendon, West Hendon, Burnt Oak, Edgware, High Barnet & Underhill, Golders Green, Childs Hill, Finchley, and Mill Hill. These areas were targeted as intelligence suggested that they were areas with high usage of blue badges. During these Operations in excess of 200 blue badges were checked resulting in **47** new blue badge investigations. **5** of these badges were seized and **14** Penalty Charge notices (PCN) were issued. Out of the **47** cases identified, **34** related to misuse of a valid badge, **6** related to lost or stolen badges, **2** related to the use of a deceased persons badge, **3** were expired badges and **2** related to the use of counterfeit badges.

As well as carrying out Blue Badge Operations throughout the week with police, CAFT officers set up information stalls at the Broadwalk shopping centre in Edgware, at The Spires Shopping Centre in High Barnet and Brent Cross Shopping Centre. CAFT officers were joined at these locations by colleagues from the Community Safety Team where advice was given as well as promotional items such as post-it notes, and pens being distributed to members of the public as well as leaflets.

CAFT Officers carried out tenancy audits throughout the week visiting **340** properties to ensure the correct tenants were in occupation. This covered three different areas, Barnet, EN5, Cricklewood, NW2 and Edgware, HA8, these areas were chosen to coincide with Blue Badge Operations in the same area. As well as these visits, leaflets advising members of the public on how to spot and report tenancy fraud were handed out through letterboxes and placed in communal blocks and in libraries. As a result of these visits **3** cases were opened due to suspected subletting and a further **5** cases due to non-residency. Further to this, **3** cases were referred to the Community Safety Team for other offences relating to fly-tipping and Anti-Social Behaviour issues.

During this week CAFT also promoted the new E-learning fraud awareness training that staff are required to complete.

Other information reported as per requirements of policy.

Number of requests authorised for surveillance in accordance with Regulation of Investigatory Powers Act 2000 (RIPA).	1 this Quarter. 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.	0 this Quarter

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.

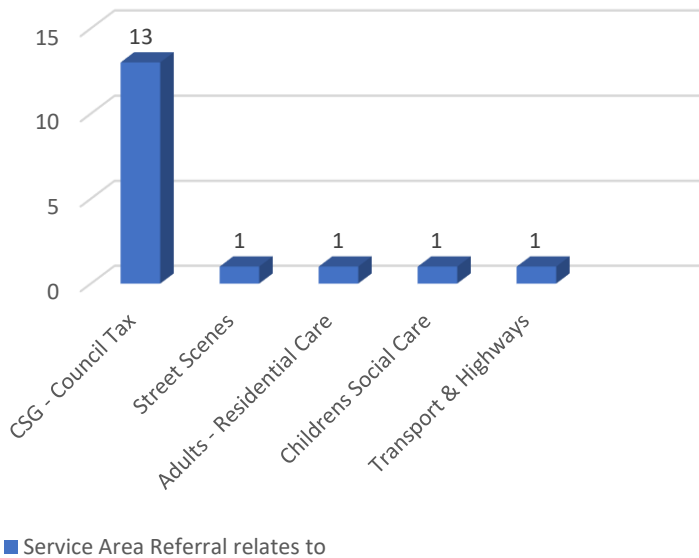
CORPORATE FRAUD

There have been **51** cases dealt with in **Quarter three** of 2021-22 relating to Fraud against services provided by the Council or within Service Areas

34 cases carried forward from Quarter two **17** New referrals received in quarter three

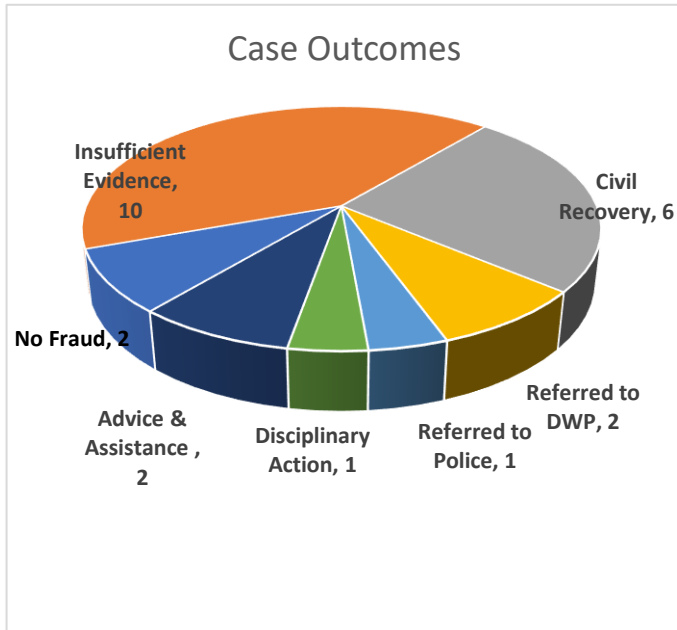
24 cases were closed in quarter three **27** on-going investigations

New Referrals received in Quarter 3



The highest area of new referrals in this quarter related to Council Tax with **76.4%** of investigations in this area. The majority of these matches are as a result of NFI matches

Closed cases in Quarter 3



6 Civil Recovery

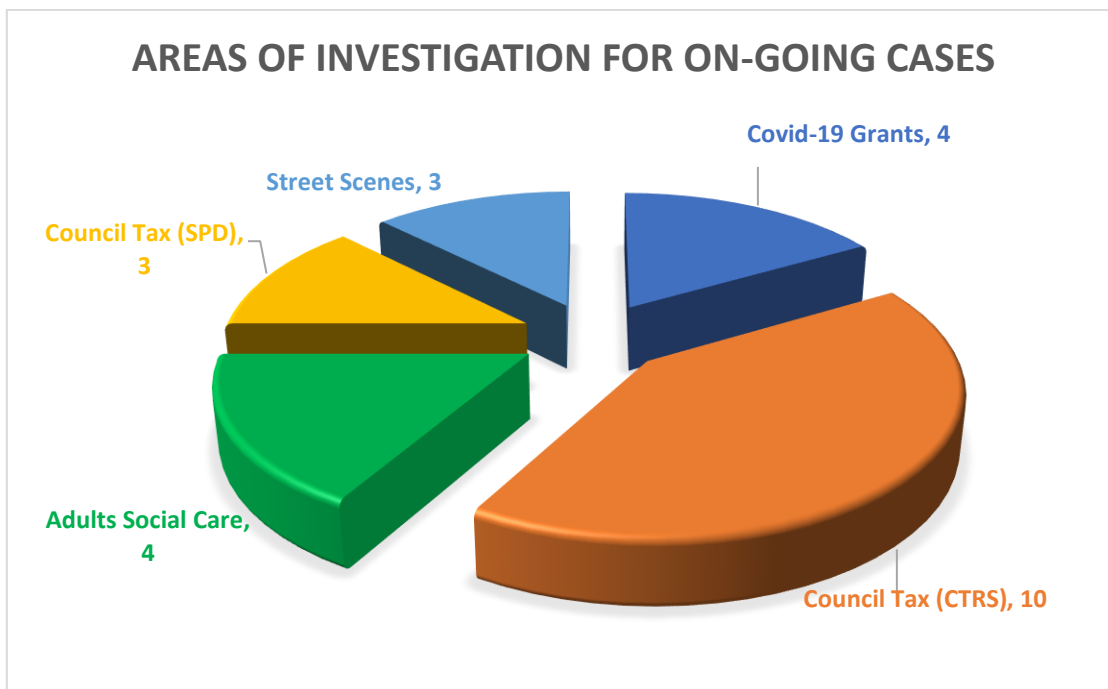
- 1 relates to a Covid Business grant (£10,000) to be recovered
- 4 relate to Council Tax Support (CTRS) (£6,051.49 to be recovered)
- 1 relates to an invoice payment in Family Services (£29,318 being recovered)

1 case relates to disciplinary action taken against five employees as a result of a CAFT Investigation

*Refer to noteworthy cases

- 10 Insufficient Evidence
- 2 No Fraud
- 2 Referred to DWP
- 2 Advice & Assistance given to other departments
- 1 Referred to Police

On-going investigations



- 10 Council Tax (CTRS)
- 3 Street scenes
- 3 Council Tax (SPD)
- 4 Covid-19 Grants
- 4 Adult Social Care
- 1 Public Health & Prevention
- 1 Children's Services
- 1 Growth, Development & Economy

1 case is currently with Legal services awaiting prosecution action relating to a false application for a Covid-19 Business Grant

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.

CCTV evidence was collected 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.

Three members of staff were interviewed by CAFT Investigators which was used to assist a disciplinary case against them. After a full investigation, the evidence collated was passed to the Street Scenes Department to pursue disciplinary proceedings against them. **Two** employees had resigned during the disciplinary proceedings, and **one** had received a written warning. A further **two** temporary agency workers involved in the above offending had resigned following this investigation.

Case 2 – An investigation began following concerns over a request made by a care provision company who were providing care for an individual placed and funded by Barnet Council’s family services team, the request was relating to a change of payment details, as a result a payment of £29,318 was released under the new payment information provided, This payment was later identified as having been paid incorrectly, the investigation confirmed that the company was a family run business and following an internal dispute it had been divided up between family members, however the payment in question had gone to the incorrect family member who believed they were entitled to receive the payment, as there was no fraudulent intent identified the money is now being recovered civilly.

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 **162** cases dealt with in **Quarter three** of 2021-22 relating to Concessionary Travel Fraud

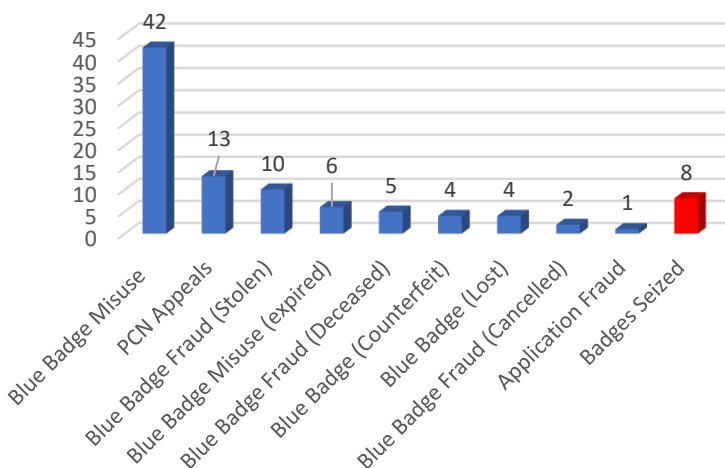
75 cases carried forward from quarter two

87 New referrals received in quarter three

34 cases were closed in quarter three

128 on-going investigations

New Referrals received in Quarter 3



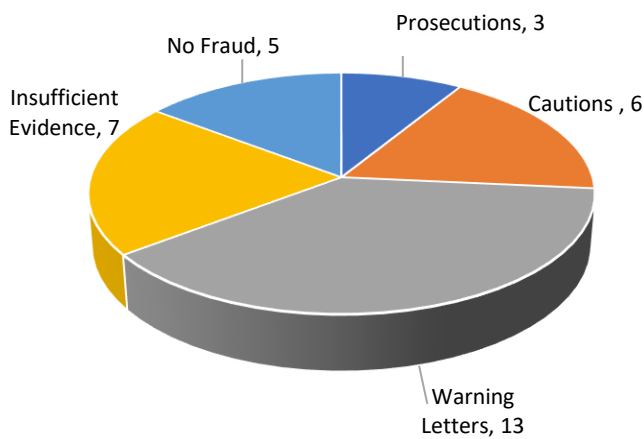
48.3% relate to Blue Badge misuse, this is where a valid badge is being misused in the holder’s absence by someone known to them

20.7% of referrals in quarter three related to the use of stolen, lost, and counterfeit Blue Badges and **15%** related to the use of cancelled, expired, and deceased persons badges and **16%** related to PCN Appeals and application Fraud




The number of new investigations relating to Blue Badge Misuse more than **doubled** compared to quarter two. This was most likely due to Fraud Awareness Week, a week where five days of on street operations took place

8 Blue Badges were seized from offenders

Closed cases in Quarter 3



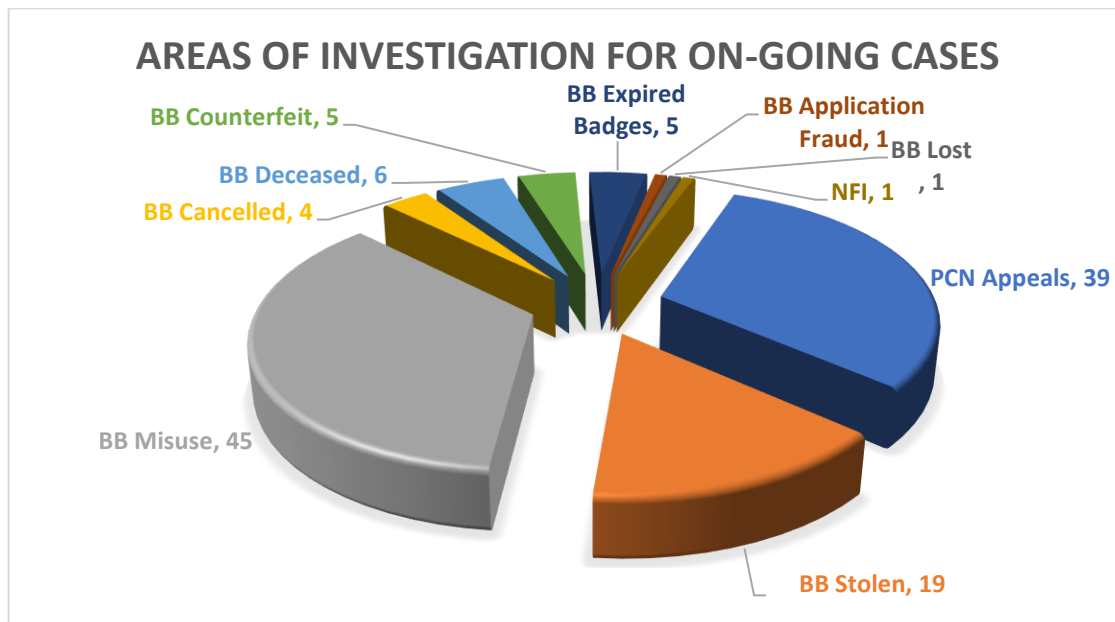
Outcomes

- 3** Prosecutions  * refer to noteworthy cases
- 6** Cautions 
- 13** Warning Letters 

* Where the circumstances of the misuse are such that criminal sanction is not appropriate, an example would be a badge holder using their own expired badge whilst waiting for a new badge to be issued

- 7** Insufficient Evidence
- 5** No Fraud

On-going investigations



- 39 PCN Appeals
- 19 BB Stolen
- 45 BB Misuse
- 4 BB Cancelled
- 6 BB Deceased
- 5 BB Counterfeit
- 5 BB Expired Badges
- 1 NFI
- 3 BB Lost
- 1 Application Fraud

4 cases are currently with Legal services awaiting prosecution action. **1** relates to the use of a deceased persons badge and **3** relates to the use of a stolen badge

Simple Cautions (previously known as Formal or Police Cautions)

The aims of the simple caution scheme are:

To offer a proportionate response to low-level offending where the offender has admitted the offence.

To deliver swift, simple, and effective justice that carries a deterrent effect.

To record an individual's criminal conduct for possible reference in future criminal proceedings or in criminal record or other similar checks.

To reduce the likelihood of re-offending.

To increase the amount of time police/investigation officers spend dealing with more serious crime and reduce the amount of time officers spend completing paperwork and attending court, whilst simultaneously reducing the burden on the courts.

6 Simple Cautions were administered by the Concessionary Travel Team in Q3

Following investigative interviews under caution, the circumstances of these cases allowed CAFT to consider them to be dealt with by way of the administration of a Simple Caution. All of the cases that were cautioned related to instances of straight forward misuse that took place. These include situations where errands were

being run by family members on behalf of the badge holder such as the collection of medication or food. The offenders stated that they had the badge holder's permission and believed that the badge could be used for such action. However, when the Blue Badge scheme was explained to them, they realised that their actions fell outside of what was permitted. In such cases and in accordance with our policy the council can issue a simple caution rather than pursue the matter through the courts.

Noteworthy Concessionary Travel Cases

Case 1- relates to the use of a counterfeit disabled badge originally belonging to a family member. Further investigation revealed that the badge holder had passed away approximately a year prior. The offender admitted to the misuse of a blue badge but stated she had no knowledge the badge was counterfeit. The offender attended Willesden Magistrates Court and pleaded guilty of wrongful use of a disabled badge contrary to section 117 of the Road Traffic Regulation Act 1984, she was sentenced to a fine of £600, ordered to pay costs of £761.57 and a victim surcharge of £60.

Case 2- relates to the misuse of a deceased family member's disabled badge. The offender failed to attend interviews under caution and failed to attend at Willesden Magistrates Court on 7 October 2021 and was found guilty in absence to wrongful use of a disabled badge contrary to section 117 of the Road Traffic Regulation Act 1984 and was sentenced to a fine of £1000, ordered to pay costs of £689.61 and a victim surcharge of £90.

Case 3 - relates to the misuse of a family member's disabled badge. Further investigation revealed that the badge holder was deceased. The offender admitted to the misuse at interview. He attended Willesden Magistrates Court on 18 November 2021 and pleaded guilty to wrongful use of a disabled badge contrary to section 117 of the Road Traffic Regulation Act 1984 and was sentenced to a fine of £129, ordered to pay costs of £129 and a victim surcharge of £34.

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 **197** cases dealt with in **Quarter three** of 2021-22 relating to Tenancy Fraud

90 cases carried forward from quarter two

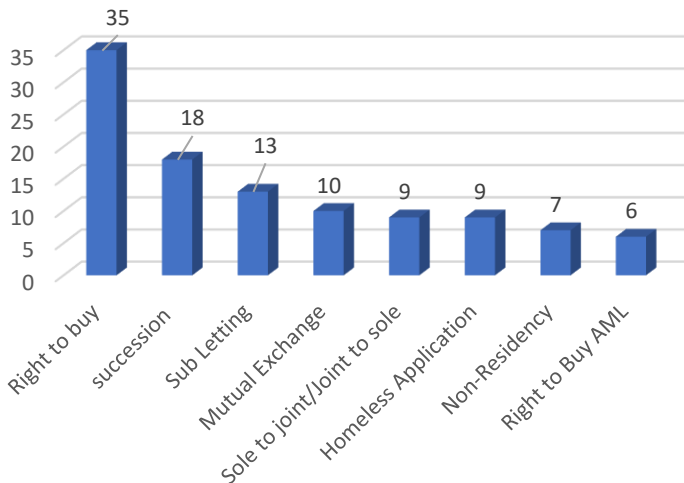
72 New Fraud referrals received in quarter three

35 Right to buy applications for verification

101 Cases were closed in quarter three

96 on-going investigations

New Referrals received in Quarter 3



The level of new referrals remains consistent with the last quarter, in particular a large number of Right to Buy applications

New referrals this quarter were most prevalent in Edgware, Hendon & Mill Hill wards with **33.6%** of new cases in these areas

Closed cases in Quarter 3

1 Prosecution (including recovery of property)  **see noteworthy*

3 Properties Recovered (Keys Returned) **see noteworthy*

5 Insufficient Evidence

5 Housing Application verified

9 Sole to Joint / Joint to Sole verified

4 Homeless Applications denied

8 Mutual exchanges verified

1 Mutual Exchange denied

13 Succession verified

36 Right to Buy Applications Verified

1 Assignment verified

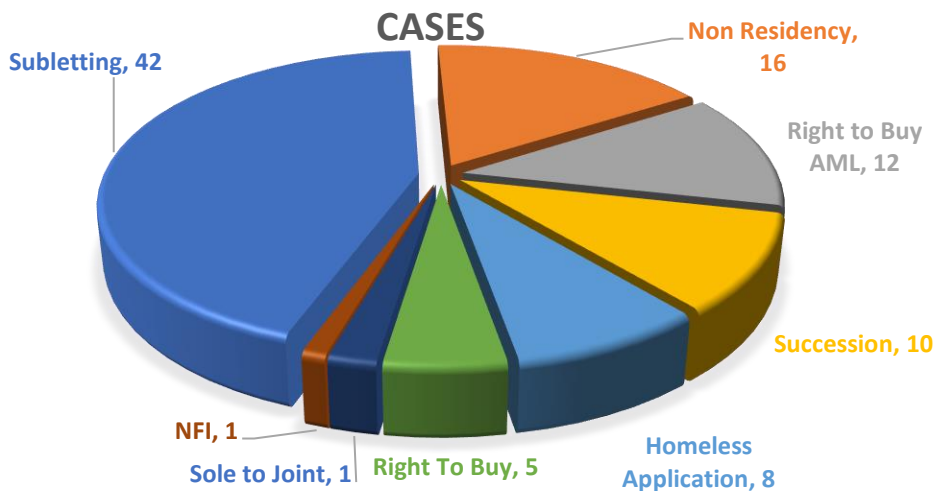
15 No Fraud

On-going Investigations

Three properties (2 x 1 bed and 1 x 2 bed) were recovered during Quarter three. This equates to an **£82,399.98** saving in temporary accommodation costs

A successful prosecution relating to subletting took place during Q3, the defendant was ordered to pay Barnet Council **£10,000** compensation and £1500 legal costs. The property concerned was recovered by the CAFT in Q1 but due to the delay in court proceedings

AREAS OF INVESTIGATION FOR ON-GOING CASES



- 42 Subletting
- 12 Right to Buy AML
- 5 Right to Buy
- 16 non-residencies
- 10 Successions
- 8 Homeless Applications
- 1 NFI
- 2 Mutual Exchange

- 6 Cases are currently with legal services awaiting Prosecution Action through the courts
- 9 Cases are currently with legal services awaiting Civil recovery Action

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 J had a one-bedroom flat in Muswell Hill, a referral was received from Barnet Homes following a Right to Buy application. Initial checks showed the tenant was linked to another address. The resulting CAFT investigation found the tenant had been living with his partner in Enfield. The tenant was interviewed under caution where he denied the allegation, however returned the keys and the property was recovered.

Case 2 – Miss M had a two-bedroom flat in Barnet, a referral was received from a member of Barnet Council’s staff who lived on the same road, they stated that the tenant and family had not been seen at the property for some time. The resulting CAFT investigation found evidence to suggest the tenant was living in Luton with her partner and children. During an interview under caution the tenant denied she had been living solely in Luton, however returned the keys and the property was recovered.

Case 3 – Ms G made a succession application to her mothers-in-law’s 1 bedroom property in East Finchley claiming she had been resident for the required 12 months to succeed a tenancy. Following a CAFT investigation evidence showed the applicant had not been living at the property and was living elsewhere. The keys were returned, and the property recovered. No further action was taken due to the applicant having mental health issues.

Case 4 – Outcome from Q1 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 was prepared for legal to prosecute under the Prevention of Social Housing Fraud Act 2013 for sub-letting the property. On the 11 November 2021 Mr E pleaded guilty to the offence of sub-letting, he was ordered to pay Barnet Council £10,000 compensation and £1500 towards legal costs.

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 **14** cases dealt with in **Quarter three** of 2021-22 relating to financial investigation

14 cases carried forward from quarter two

0 New FI Cases opened in quarter three

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

- 50% is allocated to the Treasury
- 12.5% is allocated to the courts
- **37.5% is allocated to LBB as the investigating authority**
- From this allocation, **7.5%** is taken by the Asset Recovery Agency for the administration of the funds

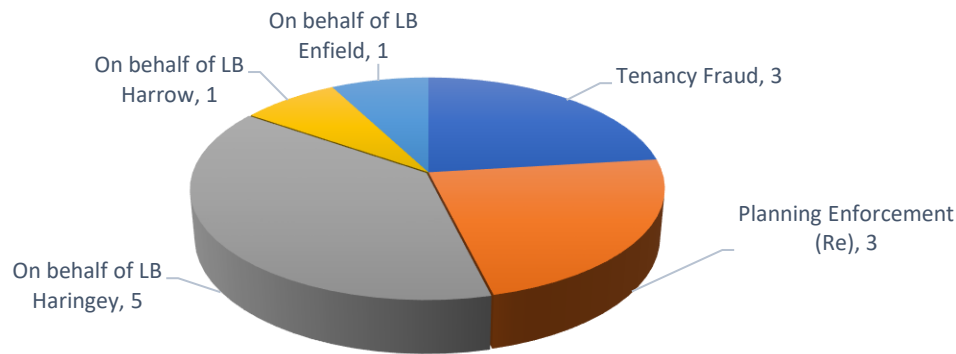
In addition to this scheme and in relation to the 37.5%, CAFT have local agreements in place with Re and other Local Authorities with regard to each investigation, therefore some of this share is split further dependent on the agreement in place. For POCA cases relating to LBB services the full 37.5% share is retained after the deduction of the Asset Recovery Agency’s administration costs.

Closed cases in Quarter 3


1 Referred to Police

On-going investigations

Areas of investigation for on-going POCA cases



3	Tenancy Fraud
3	Planning Enforcement (Re)
5	On behalf of LB Haringey
1	On behalf of LB Harrow
1	On behalf of LB Enfield



Amount of POCA funds recovered this quarter by LBB from outstanding confiscation orders and prior to any incentivisation split with partners



£142,393.12

(£66,800 OF THIS TO BE PAID TO OTHER LOCAL AUTHORITIES AS PER MOU'S WITH £13,800 TO TRADING STANDARDS AND £24,800 TO PLANNING) LBB CAFT RETAIN £37,000

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London Borough of Barnet
Audit Committee Forward Work Programme
February 2022 – April 2022

Subject	Decision requested	Report of Chief/Lead Officer	Contributing Officer(s)
Meeting Date To Be Confirmed			
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	Executive 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	Executive Director of Assurance Head of Internal Audit	
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

Subject	Decision requested	Report of Chief/Lead Office	Contributing Officer(s)
Annual Audit Letter 2020/21	To acknowledge receipt of the Annual Audit letter for 2020/21 and consider if there are any other areas on which Committee require additional information.	Director of Finance (Section 151 Officer)	External Auditors
External Audit Plan 2021/22	To consider the External Auditor's Audit strategy for the audit for the year ended 31 March 2022	Director of Finance (Section 151 Officer)	External Auditors
Ad Hoc Items			
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		

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