

MEETING

AUDIT COMMITTEE

DATE AND TIME

MONDAY 16TH JANUARY, 2023

AT 7.00 PM

VENUE

HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4BG

TO: MEMBERS OF AUDIT COMMITTEE (Quorum 3)

Chair: Councillor Arjun Mittra

Vice Chair: Councillor Edith David

Councillors:

Humayune Khalick

Paul Lemon

Rohit Grover

Alex Prager

Independent Members:

Geraldine Chadwick

Richard Harbord

Substitute Members:

Emma Whysall

Anne Hutton

Geof Cooke

Nick Mearing-Smith

Lachhya Gurung

In line with the Constitution's Public Participation and Engagement Rules, requests to submit public questions or comments must be submitted by 11 January 2023 by 10AM. Requests must be submitted to paul.frost@barnet.gov.uk

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

Governance Services contact: 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)	
6.	Members' Items (If any)	
7.	Update on the 202021 Closure of accounts and the 202122 External Audit Plan	9 - 14
8.	Internal Audit Exception Recommendations Report and Q3 Progress Report	15 - 62
9.	Corporate Anti-Fraud Team (CAFT)	63 - 78
10.	Any item(s) the Chairman decides are urgent	

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Decisions of the Audit Committee

2 November 2022

AGENDA ITEM 1

Councillor Arjun Mitra (Chair)
Councillor Edith David (Vice-Chair)

Councillor Ammar Naqvi
Councillor Rohit Grover

Councillor Alex Prager
Councillor Paul Lemon

Independent Member Geraldine Chadwick
Independent Member Richard Harbord

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

Prior to the consideration of the minutes the Chair welcomed everyone in attendance to the meeting.

RESOLVED that the minutes of the meeting held on 15 September 2022 be agreed as a correct record.

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

None.

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):**

None.

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

None.

7. **UPDATE ON THE AUDIT OF THE 2020.21 STATEMENT OF ACCOUNTS (Agenda Item 7):**

The Chair amended the order of business and therefore item 8 taken ahead of item 7.

The Head of Internal Audit introduced the report. Members noted the progress against the internal audit recommendations and work completed to date on the Internal Audit Plan 2022-23 and high and medium priority internal audit recommendations.

Paul Rock, Assistant Director Internal Audit and Counter Fraud Services, LB Lambeth was invited by the Chair to present appendix 2. Mr Rock spoke about the adherence to standards as being excellent. He noted the small areas for minor improvements that were being monitored.

The Chair thanked Paul Rock for his attendance.

Members of the Committee had the opportunity to ask questions.

Independent Member Geraldine Chadwick said that the report was very good and she therefore congratulated Officers on the report captured in appendix 2.

The Chair noted that he was not satisfied that Capita Officers were not in attendance to answer questions from the Committee. He added that non-attendance was unreasonable. The Committee heard that although Capita Officers had been invited, they did not feel it was appropriate for them to attend. Members noted their disappointment.

Having considered the report the Audit Committee:

Resolved

1. That the Audit Committee noted the general work completed to date on the internal audit Q2 report – 1st July to 30th September 2022.
2. That the Audit Committee noted the work completed to date on Schools within the internal audit Q2 report – 1st July to 30th September 2022.
3. That the Chair be requested to write to the relevant Capita Officer on behalf of the Committee to request that Officers attend Audit Committee meetings as appropriate.

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

A BDO representative, Mr Michael Asare Bediako, was in attendance to update the Committee on the progress of the audit statement which he duly did. He informed members that significant progress had been made, however he said that the External Auditors report was not ready for reporting at this stage.

Members noted that appendix A to the report was received late, circulated to Members and published to the Council's website.

Members of the Committee had the opportunity to ask questions and make comment.

Independent Member Richard Harbord stated his frustration that the report was still not available and the issues that related to the delay. This was echoed by all Members.

Having considered the report the Audit Committee:

Resolved

That the committee noted the factors that are delaying the sign off of the council's 2020/21 Statement of Accounts as outlined in appendix A.

9. GRANTS CERTIFICATION WORK REPORT 2020.21 (Agenda Item 9):

The Audit Committee received the report and noted the progress of the external auditors work in respect of the certification of grants for 2020/21.

Having considered the report the Audit Committee: Resolved:

Resolved

1. That the progress on the Teachers' Pensions Audit be noted
2. That the Committee agreed that no further information was required

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

The Assistant Director for Counter Fraud, Community Safety & Protection introduced the report

Resolved:

That the work of the Corporate Anti-Fraud Team referred to in appendix 1 be noted

11. WORK PROGRAMME 2022-23 (Agenda Item 11):

Resolved:

That the work programme be noted.

12. WORK PROGRAMME 2022-23 (Agenda Item 12):

None.

The meeting finished at 8.10 pm

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Audit Committee

16th January 2023

Title	Update on the 2020/21 Closure of accounts and the 2021/22 External Audit Plan
Report of	Executive Director of Strategy and Resources
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – update from BDO (to follow)
Officer Contact Details	Anisa Darr – Executive Director of Strategy and Resources Anisa.Darr@Barnet.gov.uk 020 8359 7634

Summary

2020/21 Closure of accounts

The external audit of the Council's Statement of Account is undertaken by BDO.

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 again in February

2022.

Audit Committee in February 2022:

- approved, subject to there being no material amendments, the Statement of Accounts for 2020/21 and recommended that they be signed by the Chairman and the Executive Director of Resources (Statutory 151 Officer) on behalf of the Council.
- delegated 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.

No material impacts have been found since the last update provided to Committee and this report provides an update on the factors that are delaying the sign off of the council's 2020/21 Accounts.

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.

2021/22 External Audit Plan

BDO LLP (the council's appointed external auditors) are required to produce an audit planning report to highlight the key elements of BDO's 2021/22 external audit strategy for the Council.

BDO's audit plan for 2021/22 is not yet available as BDO have advised that they are not able to produce it until the council's 2020/21 accounts are signed off.

Once it is produced, it will form a key part of the Council's communication strategy with our external auditor BDO LLP, a strategy which is designed to promote effective two-way communication throughout the audit process with those charged with governance.

It will summarise the planned audit strategy for the year ending 31 March 2022 in respect of BDO's audit of the financial statements of the Council and consolidated entities (together the 'Group') and use of resources; comprising materiality, key audit risks and the planned approach to these, together with timetable and the BDO team.

The planned audit strategy (and proposed fee) will be discussed with management to ensure that it incorporates developments in the business during the year under review, the results for the year to date and other required scope changes.

Officers Recommendations

- 1. That the Committee notes the factors that are delaying the sign off of the council's 2020/21 Statement of Accounts; and**
- 2. That the Committee notes the delay to the production of BDO's audit plan for 2021/22.**

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 There is an issue relating to the reporting of infrastructure assets which has led to delays in local authority audits, principally for highways authorities. Further details and a description of the issue can be found in the appendix and background papers to this report.
- 1.3 CIPFA LASAAC (Local Authority (Scotland) Accounts Advisory Committee) and CIPFA's Accounting and Financial Reporting Forum established a Task and Finish Group to assist with the resolution of this issue and have issued an update to the Code of practice on local authority accounting.
- 1.4 The Code now includes a temporary relief so that local authorities are not required to report the gross book value and accumulated depreciation for infrastructure assets. This temporary relief is applied from the 2021/22 Code up to and including the 2024/25 Code but may also apply to local authority financial statements before this period where the auditor's opinion on those statements has not been given.
- 1.5 The update to the Code requests that local authorities maintain information on gross cost and accumulated depreciation in a memorandum format even though disclosure is not required. This information may be required to be used in the longer-term solution for infrastructure assets and therefore as much as possible local authorities should maintain this memorandum information.
- 1.6 CIPFA have also advised that they will issue a Bulletin to provide guidance to councils on this update, but it is anticipated that this will be published in early January.
- 1.7 The Temporary Relief for reporting infrastructure assets gross cost and accumulated depreciation will apply until the end of the 2024/25 financial reporting year and will be incorporated in both the 2023/24 and 2024/25 Codes. It is anticipated that the longer-term solution for the reporting of infrastructure assets will be implemented from 1 April 2025.
- 1.8 BDO's audit plan for 2021/22 is not yet available as BDO have advised that they are not able to produce it until the council's 2020/21 accounts are signed off.

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 BDO will issue the 2021/22 Audit Planning report once the council's 2020/21 accounts have been signed off and will present the plan formally to Audit Committee in November 2022.

4.2 BDO's audit plan for 2021/22 will dictate what is reported to the Audit Committee as part of the audit process.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 The current corporate plan (Barnet Plan 2021-2025) was adopted in March 2021. Following the May 2022 elections, the council now has a new administration and a new corporate plan, consistent with the new administration's priorities will be brought forward shortly.

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.

5.1.3 The audit plan for 2021/22 will assess fundamental aspects of financial standing and performance management in Barnet that relate to the key theme of 'value for money' relating to the Council's corporate priorities.

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 however, delays to the completion of audits does create a risk in that any issues identified cannot be addressed and resolved in a timely manner.

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

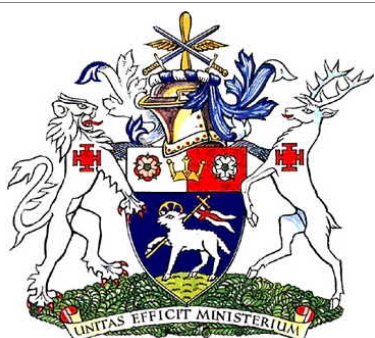
5.9.1 None in the context of this decision

6. ENVIRONMENTAL IMPACT

6.1 None in the context of this report.

7. BACKGROUND PAPERS

Committee	Item & Agenda	Link
Audit Committee 2 November 2022	Item 7: Update on the audit of the 2020/21 Statement of Accounts	Agenda for Audit Committee on Wednesday 2nd November, 2022, 7.00 pm (moderngov.co.uk)
Audit Committee 15 September 2022	Item 8: Update on the closure of the 2020/21 Statement of Accounts	Agenda for Audit Committee on Thursday 15th September, 2022, 7.00 pm (moderngov.co.uk)
Audit Committee 16 June 2022	Item 9: Update on the closure of the 2020/21 Statement of Accounts	Agenda for Audit Committee on Thursday 16th June, 2022, 7.00 pm Barnet Council (moderngov.co.uk)
n/a	CIPFA description on the infrastructure assets issue for local authority stakeholders.	Urgent Infrastructure Assets Task and Finish Group CIPFA
Audit Committee 14 February 2022	Item 7: External Auditor's report 2020-21	Agenda for Audit Committee on Monday 14th February, 2022, 7.00 pm Barnet Council (moderngov.co.uk)
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 2020/21.pdf



Audit Committee

16th January 2023

Title	Internal Audit Exception Recommendations Report and Q3 Progress Report 1st October to 31st December 2022
Report of	Executive Director of Assurance Head of Internal Audit
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	Appendix 1- Internal Audit Q3 progress report (1st October to 31 st December 2022)
Officer Contact Details	Caroline Glitre, Head of Internal Audit caroline.glitre@barnet.gov.uk 020 8359 3721

Summary

The Audit Committee are requested to note the progress against internal audit recommendations and work completed to date on the Internal Audit Plan 2022-23 and high and medium priority internal audit recommendations.

The Audit Committee approved the Internal Audit Plan for 2022-23 on 16th June 2022.

During Q3, the service completed 8 reviews and at that time had delivered 73% of our annual internal audit programme for 2022/23. This is above the target for Q3 of 72%.

There was one 'Limited' report issued in this period:

- St James Catholic High School

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 31st December 2022 or sooner.

A total of 31 high priority and 31 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	Not completed – Transition back to LB Barnet
Total Number of Actions Tested	31	10	15	4	2
Medium priority actions: Follow-up Summary	Total	Implemented	In progress	Not Implemented	Not completed – Transition back to LB Barnet
Total Number of Actions Tested	31	5	19	5	2
Total actions followed up in Q3	62	15	34	9	4
%		24%	55%	15%	6%

At the end of Q3 the Internal Audit service had confirmed 21% actions as implemented or superseded at follow-up. The total was therefore below the target of 90%. A verbal update on any further progress will be given at Audit Committee.

Other Matters

Danegrove School – Work done by CAFT

Following a review at the school in May 2021, CAFT assisted IA with scrutinising processes for payments at the school. Work done by CAFT included scrutinising the finance system schedules, bank statements and credit card statements for the year Jan 2020 – Jan 2021. The review of processes did not identify any malpractice, however, it did reveal a lack of transparency within the processing of payments.

The CAFT Team have not been able to establish without any doubt, any irregular activity; however there remains concerns around transparency in financial accounting processes. This would need further investigation and explanation by the school.

Recommendations

- 1. That the Audit Committee note the general work completed to date on the internal audit Q3 report – 1st October to 31st December 2022.**

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 2022-23 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 2022-23 in June 2022 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 remaining work on the Internal Audit 2022-23 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 The current corporate plan (Barnet Plan 2021-2025) was adopted in March 2021. Following the May 2022 elections, the council now has a new administration and a new corporate plan, consistent with the new administration's priorities will be brought forward shortly
- 5.1.2 All internal audit planned activity in 2022-23 was aligned with the Council's objectives set out in the Corporate Plan 2021-25, and thus supported the delivery of those objectives by giving an auditor judgement on the

effectiveness of the management of the risks associated with delivery of the service.

5.1.3 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.

5.1.4 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. Regulation 3 of the Accounts and Audit Regulations 2015 requires the Council to ensure that it has a sound system of internal control which:

5.4.2.1 Facilitates the effective exercise of its function and the achievement of its aims and objectives;

5.4.2.2 ensures that the financial and operational management of the authority is effective; and

5.4.2.3 includes effective arrangements for the management of risk.

5.4.2.4 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.’

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

7.1 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 16 June 2022 (Decision Item 13) – the Audit committee approved the Internal Audit and Anti-Fraud Strategy and Annual Plan 2022-23.

<https://barnet.moderngov.co.uk/documents/s72956/Appendix%20A%20-%20Internal%20Audit%20CAFT%20Plan%202022-23.pdf>

Internal Audit – London Borough of Barnet

Appendix 1



Internal Audit Q3 Progress Report 1 October – 31 December 2022



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 2022/23 internal audit plan

1.2.1 We have completed 8 reviews in this current period and to date have delivered 73% of our combined 2022/23 annual internal audit programme. This is above the target of 72%.

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

1.2.2 There was 1 'Limited' assurance report issued in this period:

St James Catholic High School

1.3 Findings of our Follow Up Work

1.3.1 We have commenced follow up work on all **critical and high priority actions** with an implementation date of 31 December 2022 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 31 critical and high priority actions have been followed up in Q3:

- 9 actions have been confirmed as implemented (24%);
- 16 actions have been partially implemented (in Progress) (57%);
- 4 actions have not been implemented (13%)
- 2 actions have not been completed due to Re services transitioning back to LB Barnet (6%)

For the actions relating to Re (Regional Enterprise, the Council's Joint Venture with Capita), as the timeline for transfer has been accelerated from the original agreed date of 1st October 2023, it has been agreed that in some cases the focus of the service will need to be preparing for staff and service transfer.

Re have provided updates and categorised the actions as being viable or not before the revised transfer date of 1st April 2023. For those actions considered not viable, revised deadlines have been agreed with LBB who will now have to take forward the actions post-transfer.

Critical and High priority actions: Follow-up Summary	Total	Implemented	In progress	Not Implemented	Not completed – Transition back to LB Barnet
Total Number of Actions Tested	31	10	15	4	2

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

A total of 31 medium priority actions have been followed up in Q3:

- 5 actions have been confirmed as implemented (16%);
- 19 actions have been partially implemented (in Progress) (61%); and
- 5 actions have not been implemented (16%)
- 2 actions have not been completed due to Re services transitioning back to LB Barnet (7%)

Medium priority actions: Follow-up Summary	Total	Implemented	In progress	Not Implemented	Not completed – Transition back to LB Barnet
Total Number of Actions Tested	31	5	19	5	2
Total actions followed up in Q3	62	15	34	9	4
%		24%	55%	15%	6%

In total, 24% of actions followed up in Q3 have been confirmed as implemented at this time, which is well below the target of 90%. A verbal update will be given to Audit Committee if any evidence of further progress is provided.

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

1.4 Other Matters

1.4.1 Danegrove School – Work done by CAFT

Following a review at the school in May 2021, CAFT assisted IA with scrutinising processes for payments at the school. Work done by CAFT included scrutinising the finance system schedules, bank statements and credit card statements for the year Jan 2020 – Jan 2021. The review of processes did not identify any malpractice, however, it did reveal a lack of transparency within the processing of payments.

The CAFT Team have not been able to establish without any doubt, any irregular activity; however there remains concerns around transparency in financial accounting processes. This would need further investigation and explanation by the school.

1.5 Recommendations

- That the Audit Committee notes the progress made against our 2022/23 Internal Audit Programme.

2.0 Reports with significant impact issued since the previous meeting

2.1 Limited Assurance Reports

2.1.1 St James Catholic High School

Number of Recommendations by risk Category		
High	Medium	Low
1	5	4

Background and Scope

The audit of St James' Catholic High School was carried out as part of the planned School audits for 2022-23. The audit review covered the period April 2021 to October 2022.

St James' Catholic High School is a voluntary aided school with 1283 pupils on role aged between 11 and 18 years of age. The school budgeted expenditure for 2022/23 is £8,799,453 with employee costs of £6,919,272 (79% of budgeted expenditure).

The school was assessed as 'Good' by OFSTED in May 2022.

A review of the seven recommendations reported in the previous audit report dated 14 December 2017 found that four recommendations had been partially repeated (Contracts, Payroll, Governance and Assets).

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

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

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

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

Summary of findings

Following our review, we were able to give '**Limited**' Assurance to the school, noting one high, five medium and four low priority issues as part of the audit:

- Financial Planning– The school has stated that they have not received request for payment of heating costs supplied by the District Heating scheme since 2017. The school stated that they have reserved £281,000 to pay unpaid heating. Transfers were made from the local authority account in 2021. The school stated that funds were transferred to the Governors account for heating. Confirmation of accounting treatment had not been agreed with the finance department at the local authority. We are unable to confirm that the amount reserved will cover all outstanding costs. (**High rated**)
- Purchasing– Invoices paid by direct debit and credit card should be signed to confirm that goods/services have been received and the price charged on the invoice has been agreed to purchase order/agreed quotation prior to being passed for payment authorisation. The invoices should be authorised by a senior member of staff and marked with the date paid before being filed. Monthly bank reconciliations and VAT reclaim reports should be presented to a senior member of staff for review before filing. (Medium rated)
- Banking– The school has placed school funds on short term deposit with Natwest Bank. Approval from Governors for fixed term deposits is not included in the school finance procedures. There was no cash flow forecast prepared to support the deposit and provide evidence that the cash would not be required to meet school expenses. The notice of Authorised Signatories was last updated in January 2022. The school was not able to provide evidence that signatories authorised to sign bank documents on behalf of the school were changed to reflect changes in staff after this time. (**Medium rated**)
- Payroll– The school should process all pay awards approved by annual updates to the School Teachers Pay and Conditions document. Monthly monitoring of payroll against budget should include employer pension contributions and employer national insurance costs. (**Medium rated**)
- Voluntary funds– The school Holding account was last audited for the year ended 31 August 2017. Annual Audit certificates should have been prepared and sent to the local authority to show that all voluntary funds were administered as rigorously as public funds. (**Medium rated**)
- Assets– The IT inventory spreadsheet did not include the current location and status for all assets. No evidence that an annual review was made every year was marked on the spreadsheet. Governors were not asked to approve disposal of old IT equipment. (**Medium rated**)

Appropriate actions have been agreed with the school and a follow-up visit will be undertaken to confirm implementation of the high priority actions.

3.0 Progress against plan

The table below represents a summary of the work that we have completed during the period 1st October 2022 to 31st December 2022 or that is currently underway.

Stage	Name of review	Report classification	Total findings	Ratings				
				Critical	High	Medium	Low	Advisory
Q3 – 1 October– 31 December 2022								
Complete	St James' Catholic High School	Limited	10	-	1	5	4	-
Complete	Goldbeaters School	Reasonable	9	-	-	5	4	-
Complete	Friern Barnet School	Reasonable	5	-	-	3	2	-
Complete	Sacred Heart School	Reasonable	6	-	-	2	4	-
Complete	Risk Management	N/A	1					1
Complete	Supporting Families Programme – Payment by Results Q3	N/A						
Complete	CAFT - Review of Fighting Fraud & Corruption Locally (FFCL) self-assessment	N/A						
Complete	Disabled Facilities Grant Certification	N/A						
Total findings in Q3			31	0	1	15	14	1

Draft Report	Homes for Ukraine – Advisory review of the processes in place	TBC						
Draft Report	Compulsory Purchase Orders and Emergency CHAPS Payments	TBC						
Draft Report	Wessex Gardens School	TBC						
Draft Report	Staff Conduct Standards Compliance	TBC						
Fieldwork	Parking – PCN Debt Recovery & Write offs	TBC						
Fieldwork	Kickstart Programme	TBC						
Fieldwork	Disabled Facilities Grant – Risk Based Audit of Processes	TBC						
Fieldwork	Integra & HR Core Replacements - Advisory	TBC						
Fieldwork	Contract Management Toolkit compliance	TBC						
Fieldwork	Registrars	TBC						
Fieldwork	Planning Service	TBC						
Fieldwork	Building Control	TBC						
Fieldwork	National Non-Domestic Rates (NDR)	TBC						
Fieldwork	Pension Contributions	TBC						

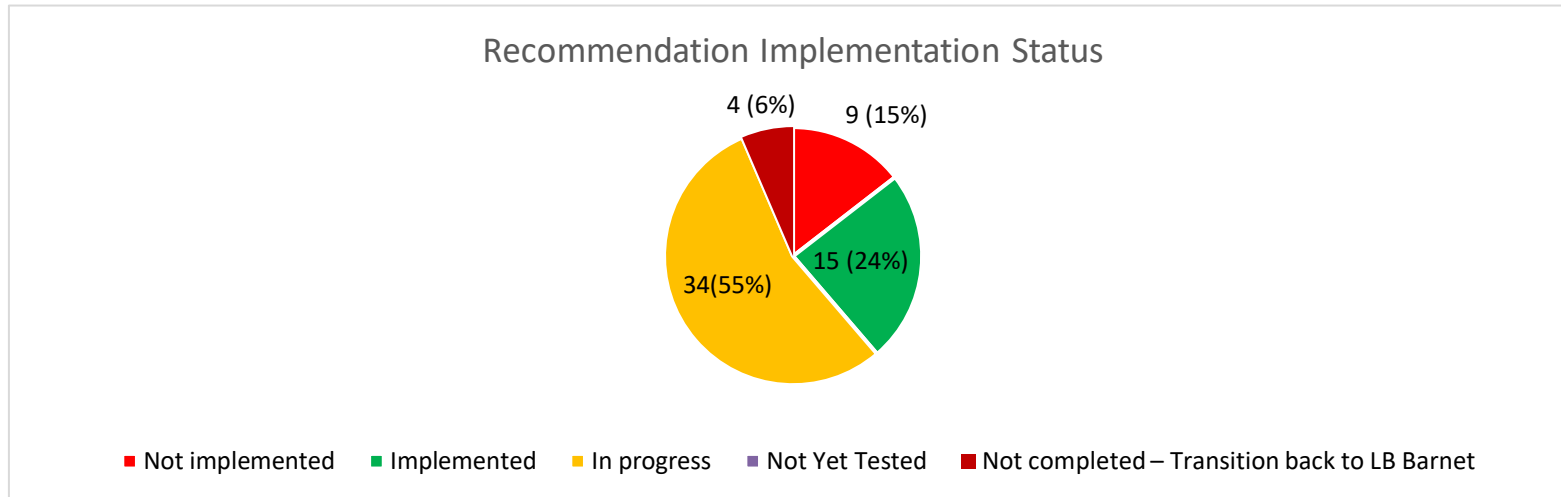
Fieldwork	Cyber Security	TBC						
Fieldwork	Adult Social Care (ASC) Reform Board - Advisory	TBC						
Fieldwork	Recruitment - Pre-employment checks inc. Right To Work	TBC						
Fieldwork	Transformation Programme Governance (Advisory) (replacement for Project Management Toolkit Compliance)	TBC						
Fieldwork	Project Management Toolkit Awareness (replacement for PMT Compliance)	TBC						
Fieldwork	St Michael's Catholic Grammar school	TBC						
Fieldwork	Menorah Foundation school	TBC						
Fieldwork	Schools Estates Project - Advisory	TBC						
Planning	Estates – Building Compliance	TBC						
Planning	Financial Regulations Compliance	TBC						
Planning	DLUHC Grant for Covid Vaccine Champions	TBC						

Planning	Parking Contract Monitoring	TBC						
Planning	Facilities Management – Management of Corporate Assets	TBC						
Planning	Sustainability: Flood Prevention and Electric Vehicle grants	TBC						
Planning	Mandatory Training	TBC						
Planning	Schools Capital Programme	TBC						
Planning	IT Disaster Recovery	TBC						
Planning	Starters-Leavers-Movers (SLaM) follow-up	TBC						
Changes to the Plan								
Removed and Replaced with 2 reviews both in 'Fieldwork' (see above)	Project Management Toolkit (PMT) Compliance							
Cancelled –due to current external assurance work over the functions	Discharges from Hospital							
Deferred to 2023-24 due to undertaking IT Disaster Recovery review first	Business Continuity							

3.0 Follow Up

3.1 Summary

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



3.2 Outstanding actions

3.2.1 During this period we followed up 31 critical and high priority and 31 medium priority actions due by 31 December 2022. 15 actions are confirmed as implemented, whilst a further 34 are in progress. 9 actions have not been implemented and a further 4 have not been completed due to Re services transitioning back to LB Barnet

* 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)

3.2.2 Outstanding High priority actions

	Name of report	Agreed Action	Status (Not Implemented / In Progress / Due but not yet tested)	Owner	Due Date	Slippage*
Strategic Director: Deputy Chief Executive						
1.	Land Charges – Review of Planning Data Controls and Policies December 2020	2.8 We will consider the risks to understand any work that may be required to improve data quality that haven't already been addressed.	<p>Not completed – Transition back to LB Barnet</p> <p>At the last follow-up, the project timeline was reviewed, this showed that the following actions have been completed:</p> <ol style="list-style-type: none"> 1. Service Engagement sessions 2. Sign off Data Custodian Responsibilities 3. Assign Data Custodians 4. Introduction to LLC1 and Con29 Training (provided by Land Data) for Data Custodians 5. Data Custodian engagement <p>For this action to be considered fully implemented, the following actions should be completed:</p> <p>- According to the project timeline the following actions are to be completed between May and December 22, and therefore this action has been marked as partly completed:</p> <ol style="list-style-type: none"> 1. Data Custodians complete Dataset Overviews 2. Identification of quick wins 	Transformation Manager, Re Now: Commissioning Lead, Growth (LBB)	31/3/21 then 31/12/22	2

			<p>3. Delivery of quick win plans</p> <p>4. Data Custodians define their process strengths, weaknesses, opportunities and threats and produce a SWOT analysis document</p> <p>5. Recommendations for future changes to improve</p> <p>Re have confirmed these actions will not be completed prior to service transfer back to LBB on 1st April 2023.</p> <p>Revised implementation date TO BE CONFIRMED</p>			
2.	<p>Local Land charge output review</p> <p>August 2022</p>	<p>1a) Local Land Charge Team and Finance will review their arrangements regarding reconciliations of payments made for LLC searches to ensure there is clarity regarding money paid to the Council, and there is a full audit trail of this process. The review will include documenting how the budget holder is notified that the monies expected have been accounted for in Integra. This will be</p>	<p>Partly completed – Reasonable Progress</p> <p>LLC has produced a procedure document for how to log new search requests and this includes ensuring payment has been taken. Evidence has been seen by Audit.</p> <p>A partially completed a flow chart for this is in draft, a request for LBB finance to map out the finance side of the process has been made. This will bring both elements together in one flow chart. Still awaiting this Document</p> <p>Revised Due date:</p> <p>31 March 2023</p>	<p>Finance Manager - Resources, LBB</p> <p>Group Manager – Private Sector, Housing & Local Land Charges, Re</p>	<p>30/9/2022</p> <p>then</p> <p>31/10/22</p>	2

		documented in a process note.				
3.	Local Land charge output review August 2022	1b) A flow chart will be created clearly detailing how the income from different LLC searches is received by the Council and then treated once the payment has been accounted for.	In Progress A partially completed a flow chart for this is in draft, a request for LBB finance to map out the finance side of the process has been made. This will bring both elements together in one flow chart. Revised Due date: 31 March 2023	Finance Manager - Resources, LBB Group Manager – Private Sector, Housing & Local Land Charges, Re	30/9/2022 then 31/10/22	2
Strategic Director: Executive Director of Assurance						
7.	Premises, Licensing and Gambling May 2022	1a) The team will produce an inspection timetable that will enable the council to ensure that licences are not misused, and clients who have not paid their invoices are not using their licences.	Not Completed - Transition back to LBB A risk rating scheme will be produced to ensure that licenced premises are inspected at a frequency appropriate to the level of risk posed. Once this is available the service will consult with LBB as to its suitability and how this is matched to the resources available in the team. Revised implementation date TO BE CONFIRMED	Group Manager: Regulatory Services - Regulatory Services	30/8/2022 then 30/11/22	2
8.	Premises, Licensing and Gambling May 2022	1b) Inspection reports will be documented, signed by the inspector and the reviewer and be uploaded onto the database for future reference.	Not Completed The Licensing Team Leader is to create code listing to demonstrate that recommendation is in place but will not be completed until the end of December. Revised Due date:	Group Manager: Regulatory Services - Regulatory Services	30/8/2022 then 31/12/22	2

			31 March 2023			
9.	Premises, Licensing and Gambling May 2022	2a) Management will review the debtors and ensure that unrecoverable debts are written off to ensure accuracy of the debt lists.	In Progress Management have confirmed that work is progressing on reviewing the current debtors list to remove bad debt from the list. Internal Audit will review evidence to confirm this work has been completed. Revised Due date: 31 March 2023	Group Manager: Regulatory Services - Regulatory Services	30/8/2022 then 30/11/22	2
10.	Premises, Licensing and Gambling May 2022	2b) The PLG team will review the 64 cases of re-issued invoices and ensure that surrendered or cancelled licences are removed from the database to eliminate the re-occurrence of these erroneous invoices.	In Progress Management have confirmed that all 64 invoices identified have either been credited or are pending credit note approval. Internal Audit will review evidence to confirm this work has been completed. Revised Due date: 31 March 2023	Group Manager: Regulatory Services - Regulatory Services	30/8/2022 then 30/11/22	2
11.	Premises, Licensing and Gambling May 2022	2c) Any customers whose invoice is cancelled, written-off or stopped before the debt materialises or goes bad in previous year will be asked to pay the debt before a licence is reinstated.	Reasonable Progress Management confirmed that action has been implemented and that procedures have been written to ensure that the bad debt is recovered before any suspended licence is reinstated. Internal Audit will review evidence to confirm this action has been completed. Revised Due date: 31 March 2023	Group Manager: Regulatory Services - Regulatory Services	30/8/2022 then 31/10/22	2

12.	Premises, Licensing and Gambling May 2022	2d) The PLG team will ensure that where services and therefore invoicing can be stopped due to licences being suspended, that this is actioned in a timely manner, as agreed in the January 2020 Accounts Payable audit	In Progress Management confirmed that a service diary of deadlines has been set up for ensuring that the suspension tasks are completed on schedule. Revised Due date: 31 March 2023	Group Manager: Regulatory Services - Regulatory Services	30/8/2022 then 30/11/22	2
Strategic Director: Executive Director Children & Young People						
13.	Danegrove School May 2021	3.2 The school will correct accounting entries for VAT reclaimed which was not supported by a valid VAT invoice, in line with advice from the Local authority.	In progress – Substantial Progress Internal audit sent email to the school accountant 8 December 2022 to request a copy of the November VAT claim as an excel workbook – in order to ascertain the corrections for the VAT claimed in error which were included on the original audit report. Revised Due Date: 31 March 2023	Bursar/School Business Manager/Headteacher/Governors	31-May-21 then April 22 then 30/9/22	3
14.	Danegrove School May 2021	4.3 The school will calculate the cost of paying casual staff employed for the school after-school playscheme during the	Not Implemented The Headteacher has been unable to get the information needed as they cannot get access to the Government Gateway. School will review this to	Bursar/School Business Manager/Headteacher/Governors	30-Jun-21 then April 22	3

		period when no income was received by the school, as the playscheme was closed.	determine whether they are able to implement going forward. Revised Due Date: 31 March 2023		then 30/9/22	
15.	Danegrove School May 2021	5.2 The school will complete monthly salary monitoring to comply with the financial guide for schools.	In Progress – Substantial Progress The Head Teacher has informed Internal Audit that the school business manager has been carrying out monthly checks on payroll. There is documentation available to see evidence of this check. School accountant has not confirmed that she is completing the monthly monitoring for budget purposes. Revised Due Date: 31 March 2023	Bursar/School Business Manager/Headteacher/Governors	30-Jun-21 then April 22 then 30/9/22	3
16.	Danegrove School May 2021	6.2 All new contracts issued will refer to Unified Reward terms and conditions. Contracts for non-teaching staff employed after April 2017 will be checked to ensure that they contain the correct terms and conditions.	In Progress – Substantial Progress The Head Teacher has informed Internal Audit that the school business manager has been issuing new contracts and is going through and checking what contracts were issued for staff employed by the previous school business manager. Revised Due Date: 31 March 2023	Bursar/School Business Manager/Headteacher/Governors	23-Jul-21 then April 22 then 30/9/22	3

17.	Danegrove School May 2021	6.5 Information to support the grant claim under the Coronavirus Job Retention Scheme will be filed.	<p>Not Implemented</p> <p>The Headteacher has been unable to get the information needed as they cannot get access to the Government Gateway. School will review this to determine whether they are able to implement going forward.</p> <p>Revised Due Date: 31 March 2023</p>	Bursar/School Business Manager/Headteacher/Governors	23-Jul-21 then April 22 then 30/9/22	3
18.	Danegrove School May 2021	6.7 The school will complete monthly salary monitoring to comply with the financial guide for schools.	<p>In Progress – Substantial Progress</p> <p>The Head Teacher has informed Internal Audit that the school business manager has been carrying out monthly checks on payroll. There is documentation available to see evidence of this check. School accountant has not confirmed that she is completing the monthly monitoring for budget purposes.</p> <p>Revised Due Date: 31 March 2023</p>	Bursar/School Business Manager/Headteacher/Governors	23-Jul-21 then April 22 then 30/9/22	3
19.	Brunswick Park School September 2022	<p>Purchasing</p> <p>All staff will be reminded that school purchases should be paid direct from the school bank account. Where a member of staff makes a purchase using their own credit card and requests reimbursement then proof of delivery to the school of goods</p>	<p>In Progress – Reasonable Progress</p> <p>The School Business Manager has informed Internal Audit that she is in the process of increasing the limit on the school credit card but has not received confirmation from LBB yet.</p> <p>Revised Due Date: 31 March 2023</p>	School Business Manager/Executive Headteacher/Governors	30-Sep-22	1

		<p>purchased should be provided to ensure the reimbursement of purchase cost is authorised by the Executive Headteacher. If the school identifies that purchases can only be made on a credit card where the value of the purchases exceed the credit limit on the current school credit card, the Governors will approve an application for a further credit card linked to the school bank account in the name of the school. The school credit card policy and procedures will be updated to ensure a complete audit trail for items purchased using the school credit card and proof of receipt of goods to school.</p>				
20.	<p>Coppetts Wood School</p> <p>April 2022</p>	<p>Purchasing</p> <p>b) The school will ensure that a purchase order is raised for all relevant goods and services, and this is approved by an authorised signatory. This expenditure will be recorded as a commitment to the school in a manner which allows the amount of committed</p>	<p>In Progress</p> <p>Initial follow-up visit undertaken in September 2022. Additional visit planned for December 2022 but this has now been re-arranged for 5th January. A verbal update will be given to Audit Committee if any further progress is confirmed.</p>	<p>Headteacher/School Business Manager/ Office and Catering staff/Finance assistant/ Governors</p>	30 June 2022	1

		<p>expenditure to be accurately calculated at any time. An audit trail will be available which allows an item to be traced through from ordering through to payment of the invoice. The school business manager and finance assistant will clearly initial on the purchase order form or the invoice that the invoice has been checked for accuracy of quantity, price and calculation against the original order. All goods and services will be checked against a delivery note, for quality and quantity. The check will be recorded (signed for) on the delivery note.</p>	<p>Revised Due Date: to be agreed if applicable at visit on 5th January</p>			
21	<p>Coppetts Wood School</p> <p>April 2022</p>	<p>Purchasing</p> <p>c) The school will document the procedures for ordering catering supplies, ensuring at all times that a separation of duties exists, between purchase order request, purchase order approval and payment, sufficient budget is available, committed expenditure is recorded, and a</p>	<p>In Progress</p> <p>Initial follow-up visit undertaken in September 2022. Additional visit planned for December 2022 but this has now been re-arranged for 5th January.</p> <p>A verbal update will be given to Audit Committee if any further progress is confirmed.</p>	<p>Headteacher/School Business Manager/ Office and Catering staff/Finance assistant/ Governors</p>	30 June 2022	1

		record is kept of delivery to the school.	Revised Due Date: to be agreed if applicable at visit on 5 th January			
22.	Coppetts Wood School April 2022	Purchasing d) The school will approve a credit card policy and use of the school credit cards to ensure that all purchases are reviewed and executed in accordance with requirements as approved within the School's Finance Policy, ensuring at all times that a separation of duties exists between purchase order request, purchase order approval and online payment by credit card, sufficient budget is available, a record is kept of delivery to the school and that approved purchase orders and signed invoices are retained for each purchase for independent review and scrutiny where necessary.	In Progress Initial follow-up visit undertaken in September 2022. Additional visit planned for December 2022 but this has now been re-arranged for 5 th January. A verbal update will be given to Audit Committee if any further progress is confirmed. Revised Due Date: to be agreed if applicable at visit on 5 th January	Headteacher/School Business Manager/ Office and Catering staff/Finance assistant/ Governors	30 June 2022	1
23.	Coppetts Wood School April 2022	Payroll c) Any overpayments to staff or former members of staff will be notified to the	Not Implemented Initial follow-up visit undertaken in September 2022. Additional visit	School Business Manager/External finance officer/Headteacher/ Governors	22 July 2022	1

		Headteacher. The school will keep a record of overpayments in the payroll file and ensure that amounts overpaid are repaid to the school and correcting entries are recorded in the school accounts.	planned for December 2022 to check that all paperwork had been received and the Single Central Record is now up to date but this has now been re-arranged for 5 th January. A verbal update will be given to Audit Committee if any further progress is confirmed. Revised Due Date: to be agreed if applicable at visit on 5 th January			
24.	Coppetts Wood School April 2022	Payroll d) All outstanding staff references will be requested and received. References will be requested at the point of recruitment, and receipt recorded clearly on the single central record.	In Progress Initial follow-up visit undertaken in September 2022. Additional visit planned for December 2022 to check that all paperwork had been received and the Single Central Record is now up to date but this has now been re-arranged for 5 th January. A verbal update will be given to Audit Committee if any further progress is confirmed. Revised Due Date: to be agreed if applicable at visit on 5 th January	School Business Manager/External finance officer/Headteacher/ Governors	22 July 2022	1

3.2.3 Outstanding medium priority actions

	Audit Title	Audit Date	Ref	Finding	Action	Responsible officer	Due date	Progress report for Audit Committee end Q3
1.	Commercial Rents and Leases Renewal Audit August 22	12/08/2022	1a	Lease and Letting Renewals: Rent Review:	a) An additional PI/measure will be introduced which sets out and monitors a deadline to complete rent reviews which have failed the initial PI.	Acting Head of Property Services, CSG	30/12/2022	Not Implemented Due to staff shortage and sickness. Team is now fully staffed, however progress is hampered by resistance of renters and lessors due to cost of living crisis. Revised due date: 30/06/2023
2.	Commercial Rents and Leases Renewal Audit August 22	12/08/2022	1b	Lease and Letting Renewals: Rent Review:	b) The Head of Property and Portfolio Management and the Head of Property Services and Valuation will set out and clearly document, what constitutes successful performance and consistently report on this monthly to CMM. This will take into consideration the circumstances around Covid and LBB's request to cease completing lease renewals and rent reviews in 2018.	Acting Head of Property Services, CSG	30/12/2022	In Progress Due to staff shortage and sickness. Team is now fully staffed, however progress is hampered by resistance of renters and lessors due to cost of living crisis. Revised due date: 30/06/2023

3.	Commercial Rents and Leases Renewal Audit August 22	12/08/2022	1c	Lease and Letting Renewals: Rent Review:	c) In the meantime, the Head of Property Services and Valuation will ensure that the backlog of overdue reviews (in particular those that are more than one year overdue) are completed. Where necessary, resource implications will be discussed and addressed with LBB.	Acting Head of Property Services, CSG	30/12/2022	Not Implemented Due to staff shortage and sickness. Team is now fully staffed, however progress is hampered by resistance of renters and lessors due to cost of living crisis. Revised due date: 30/06/2023
4.	Commercial Rents and Leases Renewal Audit August 22	12/08/2022	1d	Lease and Letting Renewals: Rent Review:	d) The Head of Property Services and Valuation will review the rent negotiation process to identify bottlenecks and review whether any measures can be put in place where possible to reduce these.	Acting Head of Property Services, CSG	30/12/2022	Not Implemented Progress is hampered by resistance of renters and lessors due to cost of living crisis. Revised due date: 30/06/2023

5.	Commercial Rents and Leases Renewal Audit August 22	12/08/2022	2c	Income Collection and Debt Recovery: Bad Debt Write-Off	c) The Head of Property Services and Valuation will liaise with the Accounts Receivable team to obtain the necessary approvals required to write-in the credit notification cases.	Acting Head of Property Services, CSG	30/12/2022	In Progress Revised due date: 30/06/2023
6.	Commercial Rents and Leases Renewal Audit August 22	12/08/2022	4b	Lease and Letting Renewals: Leases Renewal	b) The Head of Property Services and Valuation will ensure that overdue renewals (particularly those that are more than one year overdue) are given priority for completion.	Acting Head of Property Services, CSG	30/12/2022	In Progress Due to staff shortage and sickness. Team is now fully staffed, and this is ongoing, Surveyors have prioritised lease renewals over a year old and making progress with legal instructed. Revised due date: 30/06/2023
7.	Commercial Rents and Leases Renewal Audit August 22	12/08/2022	4c	Lease and Letting Renewals: Leases Renewal	c) The Head of Property Services and Valuation will review the process to reduce the time taken in negotiating lease renewals.	Acting Head of Property Services, CSG	30/12/2022	Not Implemented Delayed due to staff shortage and sickness. Team is now fully staffed. Revised due date: 30/06/2023

8.	Commercial Rents and Leases Renewal Audit August 22	12/08/2022	4d	Lease and Letting Renewals: Leases Renewal	d) Property Services will consider undertaking a benchmarking exercise with other London Boroughs to ascertain comparative performance timelines and if improvements can reasonably be expected.	Acting Head of Property Services, CSG	30/12/2022	In Progress Head of Property Services has contacted other local authorities at LB Islington and LB Haringey and is awaiting feedback. Revised due date: 30/06/2023
9.	Commercial Rents and Leases Renewal Audit August 22	12/08/2022	5a	Lease and Letting Renewals: Legacy Rents and Leases	a) LBB management will facilitate a reconciliation of properties and liaise with CSG to determine properties where legacy rents and leases apply and ensure they are captured and listed for review.	Acting Head of Property Services, CSG	30/12/2022	In Progress LBB and CSG have created a tracker which captures legacy rent review and lease renewals that are outstanding. Revised due date: 30/06/2023
10.	Commercial Rents and Leases Renewal Audit August 22	12/08/2022	5b	Lease and Letting Renewals: Legacy Rents and Leases	b) Management will agree an indicative programme to work through all the overdue rent reviews and lease renewals with an aim that they are completed to a specified and agreed deadline, (this will be dependent on third party responsiveness and any further changes to the law).	Acting Head of Property Services, CSG	30/12/2022	In Progress CSG and LBB are working together a program and surveyors are currently working on rent reviews and lease renewals. Revised due date: 30/06/2023

11.	Commercial Rents and Leases Renewal Audit August 22	12/08/2022	6a	Lease and Letting Renewals: Insurance of Property	a) There will be a regular meeting, of a frequency to be agreed between the insurance team and the Property Services and Valuation team, for the resolution of insurance issues. As part of this, the Property Services and Valuation team and the Insurance team will agree and adopt the best approach of receiving information from each other.	Acting Head of Property Services, CSG	30/12/2022	In Progress Head of Property Services and Valuation and Head of Portfolio Management are having monthly meetings with insurance to discuss any issues. Revised due date: 30/06/2023
12.	Commercial Rents and Leases Renewal Audit August 22	12/08/2022	6b	Lease and Letting Renewals: Insurance of Property	b) Management will ensure that an updated and accurate report of the properties where insurance is to be provided by tenants is prepared and shared with the Insurance team.	Acting Head of Property Services, CSG	30/12/2022	In Progress This is in place, were tenants are responsible for insuring, request for proof of insurance is being requested. Revised due date: 30/06/2023
13.	Commercial Rents and Leases Renewal Audit August 22	12/08/2022	6c	Lease and Letting Renewals: Insurance of Property	c) The Property Services and Valuation team will confirm if all properties that require the tenant or lessees to insure are adequately insured.	Acting Head of Property Services, CSG	30/12/2022	In Progress CSG are requesting from tenants proof of insurances and requesting to see policy which is shared with LBB insurance to confirm cover is adequate.

								Revised due date: 30/06/2023
14.	Commercial Rents and Leases Renewal Audit August 22	12/08/2022	6d	Lease and Letting Renewals: Insurance of Property	d) The Property Services and Valuation team will proceed with the project to move to a new system to enable LBB to update and produce accurate information on all its commercial property.	Acting Head of Property Services, CSG	30/12/2022	In Progress New system meeting in progress. LBB is now leading on this. Revised due date: 30/06/2023
15.	Commercial Rents and Leases Renewal Audit August 22	12/08/2022	8a	Process and Procedures:	The Rent Review by Contractor CSG and Rent Review In-House CSG Estates processes will be formalised and version-controlled as appropriate.	CSG Head of Property Services and Valuation	31/8/22	In Progress Management have confirmed that RICS procedures are in use. Head of Property and Portfolio Management to provide procedure document. Revised due date: 31/12/2022
16.	Commercial Rents and Leases Renewal Audit August 22	12/08/2022	8b	Process and Procedures:	The Head of Property Services and Valuation will produce a word version of the procedures for reference purposes, and to reduce the risk of knowledge loss or gaps in knowledge if	CSG Head of Property Services and Valuation	30/09/2022	In Progress Management have confirmed that RICS procedures are in use. Head of Property and Portfolio Management to provide procedure document. Revised due date: 31 December 2022

					experienced staff leave the team.			
17.	Premises, Licensing and Gambling	30/05/2022	3a	Comprehensive Licensing – Data update	a) A timetable will be agreed for ensuring the ongoing update of the database. This will involve updating information related to surrendered licences, cancelled licences, or transferred licences.	Group Manager: Regulatory Services	30/08/2022	<p>In Progress</p> <p>Evidence has been provided of the working procedures and inputting procedures, but no timetable yet provided.</p> <p>Revised due date: 31 March 2023</p>
18.	Premises, Licensing and Gambling	30/05/2022	3b	Comprehensive Licensing – Data update	b) The PLG team will ensure that the Uniform database is reconciled annually to confirm that all surrendered and cancelled licences have been removed.	Group Manager: Regulatory Services	30/08/2022	<p>Not Completed</p> <p>Currently the service do not carry out whole-scale review of the licensing database due to the size of the task and the resources required.</p> <p>Clarification has been provided on what we need to see to consider this implemented.</p> <p>Revised due date: 31 March 2023</p>
19.	Premises, Licensing and Gambling	30/05/2022	3c	Comprehensive Licensing – Data update	c) The reconciliation documents will be signed by the officer that reconciled it and the senior officer that reviewed the	Group Manager: Regulatory Services	30/08/2022	<p>In Progress</p> <p>Management confirmed that work is currently progressing</p>

					correctness of the process.			on GDPR compliant retention periods. Revised due date: 31 March 2023
20.	Premises, Licensing and Gambling	30/05/2022	3d	Comprehensive Licensing – Data update	d) PLG management will confirm resourcing for the data cleanse and will consider giving higher priority to it i.e. sooner than within the planned 6 months, to ensure accuracy of the information and the invoicing process.	Group Manager: Regulatory Services	30/08/2022	Not Completed - Transition back to LBB Re current position is that, as in similar actions where data reconciliation is required, this is currently being performed manually. In addition, the data cleansing process is also dependent on system enhancements, which are being scoped. There remains the same issue as in September that there is no approval or recourse to provide dedicated resourcing to the data cleanse. It is therefore unlikely that this action will be delivered before the transfer for service.

21.	Premises, Licensing and Gambling	30/05/2022	4a	Invoices and Payments: Debt Recovery	a) The Premises Licensing and Gambling team will implement a process to provide authorisation for the AR team every month to take recovery action against unpaid invoices when the premises cease trading.	Group Manager: Regulatory Services	30/07/2022	<p>Not Completed - Transition back to LBB</p> <p>Re current position is that it is not possible under the current legal process, for unpaid invoices to be subjected to recovery action by the AR team.</p>
22.	Premises, Licensing and Gambling	30/05/2022	4b	Invoices and Payments: Debt Recovery	b) The PLG team will ensure that all cancelled and surrendered licences are removed from its database and customers are not invoiced in subsequent years.	Group Manager: Regulatory Services	30/07/2022	<p>In Progress</p> <p>Management confirmed that the database is now being updated to show surrendered and suspended licences. The procedure note for this process will be updated by the end of December 2022.</p> <p>Revised due date: 31 March 2023</p>
23.	Premises, Licensing and Gambling	30/05/2022	4c	Invoices and Payments: Debt Recovery	c) The PLG team will inspect the 19 sites where invoices have been returned as 'Gone away'.	Group Manager: Regulatory Services	30/06/2022	<p>In Progress</p> <p>Evidence was provided following the 'Week of Action' which shows action taken against cases where the debtor had gone away. There are still outstanding cases where further action is required.</p>

								Revised due date: 31 March 2023
24.	Premises, Licensing and Gambling	30/05/2022	5a	Policies and Procedures – Documentation and Version Control	a) The Group Manager will ensure that the Gambling process and procedure is updated and approved.	Group Manager: Regulatory Services	31/08/2022	In Progress As per management, a total of 37 Working Processes and a total of 37 Inputting processes have been identified relating to Gambling Procedures that will require being updated and approved. The new Group Manager for Commercial Premises joined the service in early December 2022 The GM will be tasked with devising a plan of action on drawing up the schedule for the review of all Gambling Procedures (74 in total). The plan of action will be available before transition. Revised due date: 31 March 2023
25.	Premises, Licensing and Gambling	30/05/2022	5b	Policies and Procedures – Documentation and Version Control	b) Management will complete the review of all the procedures and	Group Manager: Regulatory Services	31/08/2022	In Progress Management confirmed that work

update them accordingly.

continues on this action:

Licensing Procedures:
A total of 48 Working Procedures, of which a total of 5 have been updated, completed with document control, and signed off by the current Service Director

A total of 48 Inputting Procedures, of which a total of 10 have been updated, completed with document control, and signed off by the current Service Director

Gambling Procedures
A total of 31 Working Procedures, of which none have been updated.
A total of 31 Inputting Procedures, of which a total of 10 have been updated, completed with document control, and signed off by the current Service Director

Finance Procedures
A total of 7 Working Procedures, of which none have been updated.

								A total of 7 Inputting Procedures, of which a total of 3 have been updated, completed with document control, and signed off by the current Service Director Revised due date: 31 March 2023
26.	Parking - PCN Cancellations 2019-20	15/9/2021	2f	Cancelling / Issuing Blue Badge PCNs without CAFT Awareness	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.	Phillip Hoare, Assistant Director, Parking	31/10/2021	Partly implemented CAFT have provisionally put aside 3 days for NSL blue badge training on 17th, 18th and 19th January 2023 Revised due date: 31 January 2023

3.3 Completed actions

3.3.1 During this period we followed up 10 critical and high priority and 2 medium priority actions which are deemed to have been implemented, superseded or closed. These are listed below:

3.3.2 Completed critical and high priority actions

	Name of report	Agreed Action	Owner	Due Date
1.	Private Residential Blocks – Fire Safety May 2022	b) We will continue to prioritise inspections at known high-risk buildings in the borough to ensure that we are aware of any fire safety hazards and can issue notices/ commence legal proceedings with landlords who do not take appropriate actions to remediate known fire safety risks. We will include the outcome of inspections in the tracker and escalate known issues to senior officers.	Private Sector Housing Manager (Re)	31/12/2022

2.	Private Residential Blocks – Fire Safety May 2022	c) We will formally update the tracker on a regular (e.g., monthly) basis. This will include stating the date each building is risk assessed and obtaining important (and missing) information for high-risk blocks on inspection, such as the details of occupants (to identify whether there are any vulnerabilities) and building owner/ freeholder names.	Private Sector Housing Manager (Re)	30/06/2022 then 31/10/22
3.	Private Residential Blocks – Fire Safety May 2022	d) Where details of new properties are provided (e.g., via referral), we will perform an initial risk-rating based on known data so that the ratings of all buildings included in the tracker are known to officers. This will include buildings between 11-18 metres in height.	Private Sector Housing Manager (Re)	30/06/2022
4.	Local Land charge output review August 2022	1c) Any remaining monies including the £65k identified during the course of the audit, which was not accounted for within Integra will be pursued	Finance Manager - Resources, LBB Group Manager – Private Sector, Housing & Local Land Charges, Re	30/9/2022
5.	Danegrove School May 2021	Critical 1.1 The school will update the Notice of Authorised Signatories	Bursar/School Business Manager/Headteacher/Governors	28/05/2021
6.	Danegrove School May 2021	Critical 1.2 The school will refer to Section 1.2 of the Financial Guide for schools and ensure that sufficient members of staff are included to allow for separation of duties, allow for absences, and ensure that the authorised signatories for cheque signing/BACs authorisation are reflected on the Bank Mandate.	Bursar/School Business Manager/Headteacher/Governors	28/05/2021
7.	Coppetts Wood School	Purchasing	Headteacher/School Business Manager/	30 June 2022

	April 2022	a) Invoices will be filed for all payments made through the bank account. The invoices will be certified in accordance with the Notice of Authorised Signatories.	Office and Catering staff/Finance assistant/ Governors	
8.	Coppetts Wood School April 2022	Payroll a) All changes to payroll and overtime claims will be authorised and filed to support additional payment. A member of staff will sign and date the forms to show that the change has been made in the payroll provider's online payroll portal. When month end pre-payroll reports are received, a member of school staff will check that the changes entered into the payroll portal have correctly been processed by the payroll provider.	School Business Manager/External finance officer/Headteacher/ Governors	22 July 2022
9.	Coppetts Wood School April 2022	Payroll b) The school will retain evidence that any payroll errors due to inputting error are notified to the Headteacher. If a decision is made not to correct the error – this will be clearly recorded on the payroll master list and corrected at the next pay review date. Where the payroll error relates to Headteacher pay, the Chair of Governors will be notified.	School Business Manager/External finance officer/Headteacher/ Governors	22 July 2022
10.	Coppetts Wood School April 2022	Payroll e) The school will complete monthly salary monitoring to comply with the financial guide for schools.	School Business Manager/External finance officer/Headteacher/ Governors	22 July 2022

3.3.3 Completed medium priority actions

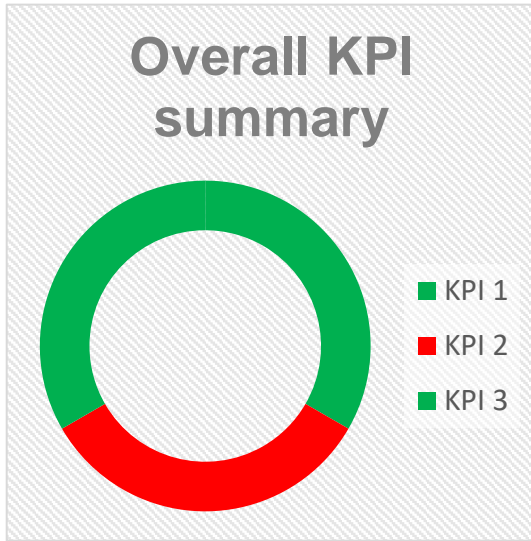
	Audit Title	Audit Date	Ref	Finding	Action	Responsible officer	Due date
1.	Private Residential Blocks – Fire Safety	May 2022	2	Risk rating methodology for high-risk blocks	We will formalise our approach for prioritising inspections/ other activities in relation to fire safety (e.g., enforcement notices) in all blocks identified as high-risk in the tracker. Where there are gaps in relation to known vulnerabilities of occupants, we will obtain this information (e.g., via desktop analysis) where possible, so that we can make an informed decision towards prioritising certain blocks. Where this is not possible, we will obtain this information through inspection and subsequently update the tracker with this information.	Private Sector Housing Manager (Re)	30/06/2022

2.	Private Residential Blocks – Fire Safety	May 2022	4	Absence of a fire safety management policy	We will draft a fire safety management policy in relation to private residential blocks. This will be discussed at the Fire Safety Group and will be reviewed by HBPL prior to formal sign off at the Housing and Growth Committee.	Private Sector Housing Manager (Re) and Head of Housing and Regeneration	30/06/2022
3.	Commercial Rents and Leases Renewal Audit	August 2022	2a	Income Collection and Debt Recovery: Bad Debt Write-Off	a) The Head of Property and Portfolio Management will liaise with the Accounts Receivable team to provide the necessary approvals required to write off the bad debts (Completed as informed by the Head of Service on 28 July 2022)	Acting Head of Property Services, CSG	30/12/2022
4.	Commercial Rents and Leases Renewal Audit	August 2022	2b	Income Collection and Debt Recovery: Bad Debt Write-Off	b) Going forward, the Head of Property and Asset Management will continue to hold monthly meetings with the Accounts Receivable team to ensure the debts are reviewed and authority to pass debts to the debt collector is given in time to reduce bad debts.	Acting Head of Property Services, CSG	30/12/2022

5.	Commercial Rents and Leases Renewal Audit	August 2022	4a	Lease and Letting Renewals: Leases Renewal	a) As for Finding 1 – Rent Reviews, The Commercial Services Team and the Head of Property Services and Valuation will set out and clearly document, via a contract variation, what constitutes successful performance for Lease Renewals and consistently report on this monthly to senior management and quarterly to the appropriate committee.	Acting Head of Property Services, CSG	30/12/2022
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Appendices

Appendix A: Key performance indicators (KPIs)



KEY:

Fully Achieved

Partially Achieved

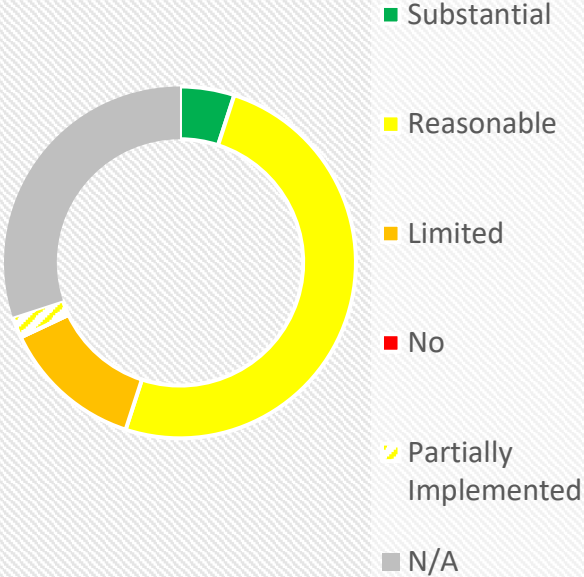
Not Achieved

N/A



KPI	Target	Results	Comment										
1. % of Plan delivered	Q1 to Q3 Cumulative 72%	73%	<p>Work in progress is incorporated as follows:</p> <table border="1"> <tr> <td>Not Started</td> <td>0%</td> </tr> <tr> <td>Planning</td> <td>20%</td> </tr> <tr> <td>Fieldwork</td> <td>50%</td> </tr> <tr> <td>Draft Report</td> <td>90%</td> </tr> <tr> <td>Complete</td> <td>100%</td> </tr> </table> <p>Applying these %s to work in progress shows that we have delivered 73% of our plan for the year against a Q3 target of 72%.</p> <p>Up to 50% = Not Achieved 51% - 94% = Partially Achieved 95% = 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 Critical and High Risks have been mitigated by management at the time of follow up	90%	24%	<p>0-49% = Not Achieved 50-89% = Partially Achieved 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%	100%	<p>0-49% = Not Achieved 50-84% = Partially Achieved 85% = Fully Achieved</p>										

Assurance Ratings



<p>4. % of reports year to date achieving:</p> <ul style="list-style-type: none"> •Substantial •Reasonable •Limited •No Assurance •Partially Implemented •Implemented •N/A 	<p>N/A</p>	<p>4% 50% 13% 0% 2% 0% 30%</p>	
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Audit Committee

AGENDA ITEM 9

16th January 2023

Title

**Corporate Anti-Fraud Team (CAFT)
Q3 report 2022-23**

Report of

Executive Director of Assurance

Wards

All

Status

Public

Urgent

No

Key

No

Enclosures

*Appendix 1 - CAFT Progress Report
1st October 2022 – 9th December 2022*

Officer Contact Details

Clair Green

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Summary

This report covers the period *1st October 2022 – 9th December 2022* and represents an up-to-date picture of the work undertaken by Corporate Anti-Fraud Team (CAFT) during that time

Recommendation

That the work of the Corporate Anti-Fraud Team referred to in appendix 1 be noted

1. WHY THIS REPORT IS NEEDED

- 1.1 The Audit Committee included in the work programme for 2022/23 that a quarterly report on the work of the Corporate Anti-Fraud Team is produced to this meeting.

2. REASONS FOR RECOMMENDATIONS

- 2.1 To note the Q3 CAFT report for 2022-23

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 **None**

4. POST DECISION IMPLEMENTATION

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

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The current corporate plan (Barnet Plan 2021-2025) was adopted in March 2021.

Following the May 2022 elections, the council now has a new administration and a new corporate plan, consistent with the new administration's priorities will be brought forward shortly.

- 5.1.2 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 CAFT service operates within a £0.710m staffing budget. This is part funded through POCA money, the Housing Revenue Account, and Special Parking Account. The current resource structure has proven successful in meeting operational targets, and is sufficient to carry-out an effective anti-fraud service and deliver key objectives 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 make arrangements for the proper administration of their financial affairs. An effective system of prevention and detection of fraud and corruption supports this obligation..
- 5.3.2 Article 7 of the Council's Constitution sets out the Audit Committee's terms of reference, which include 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.

7.1 BACKGROUND PAPERS

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

Corporate Anti-Fraud Team (CAFT) Progress Report: 1 October 2022 – 9 December 2022

EXECUTIVE SUMMARY

This report is to provide a summary on the outcome of all CAFT work undertaken during 1 October 2022 to 9 December 2022 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.

The **Corporate Fraud Team** investigated **42** cases of alleged fraud. These investigations resulted in **1** case that was referred for disciplinary investigation, and **3** civil recovery cases relating to Council Tax payments (totalling **£3,508.09** identified for recovery). **5619** data matches were identified through the NFI Fraud Hub relating to Council Tax SPD. In collaboration with the Council Tax team, so far, **347** of these have been dealt with, with a further **47** being investigated, resulting in **£3,389.31** being identified in recovery and on-going savings

The **Concessionary Travel Fraud** Team has investigated **117** cases of alleged Blue Badge misuse, fraudulent appeals relating to penalty charge notices (PCNs) and alleged parking permit fraud. These resulted in **4** cautions being administered, **1** criminal prosecution and **14** warning letters being issued.

The **Tenancy Fraud team** have investigated **170** cases of alleged Tenancy Fraud. They were responsible for recovering **9** properties and preventing **5** Right to Buy applications due to the applicants not being eligible to purchase under the scheme. In addition to this, Tenancy fraud officers prevented **4** new applications from going through due to the applicant not being resident at the property. These applications were for Assignment, succession, joint to sole and mutual exchange.

There have been **12 Financial (Proceeds of Crime) Investigations** carried out this quarter. **10** of these are on-going and recovery of confiscation orders continues. **1** case was closed due to insufficient assets being available to continue and **1** was closed as proceeds recovered.

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.

We are confident that CAFT will continue to provide an efficient value for money counter fraud service and has demonstrated that it is able to successfully investigate all types and levels of fraud referrals to an appropriate outcome.

Other information reported as per requirements of policy.

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

International Fraud Awareness Week

13-19 November 2022



Blue Badge Fraud Operations during the week

Operations were carried out in the areas of **Hendon, Golders Green, Finchley, Edgware, and High Barnet**

246 Badges were checked by Fraud Officers during this week

28 New Blue Badge fraud cases were identified broken down as follows

- **15** Misuse of a valid badge
- **6** Misuse of a Stolen Badge
- **4** Misuse of a Lost Badge
- **2** Misuse of a counterfeit badge
- **1** Misuse of a Deceased persons badge

In Addition, **25** Penalty Charge Notices (PCN) were issued, and **8** Badges were seized from offenders

Leaflets were handed out to members of the public and local businesses



International Fraud Awareness Week 2022 involved CAFT Officers accompanied by Community Safety colleagues taking to the streets of the Borough to promote the work of the Council in fighting fraud and to raise public awareness as well as tackling new offences that they identified during a number of street-based operations that were carried out.

Stalls were set up in Brent Cross Shopping Centre, Broadwalk Shopping Centre, and West Hendon Community Hub where residents were able to engage with Officers and learn about the work of the team as well as in some cases providing intelligence and new fraud referrals to the Officers. CAFT were accompanied by the Elections Team to promote National Voter Registration Week and CST colleagues promoting their Community Safety Hubs and strategy. Promotional freebies were handed out, posters were erected in libraries and communal areas signposting members of the public to how and where to report fraud. During the street Operations, **3** fly-tipping offences were reported for the CST team to deal with.

111 people engaged with Officers at Brent Cross Shopping Centre and **2** new referrals were received relating to tenancy fraud

25 people engaged with Officers at Edgware Broadwalk Shopping Centre and **1** blue badge referral was received



Tenancy Audit Visits

385 Social Housing Properties were Identified; over the course of the week **589** visits/re-visits were carried out at these properties.

198 Tenancy Audit Checks were fully completed

17 Cases were identified for further investigation

Leaflets were posted in Social Housing properties to signpost residents to where and how to report tenancy fraud

CORPORATE FRAUD

There have been **42** cases dealt with in **Quarter three** of 2022-23 relating to Fraud against services provided by the Council or within Service Areas

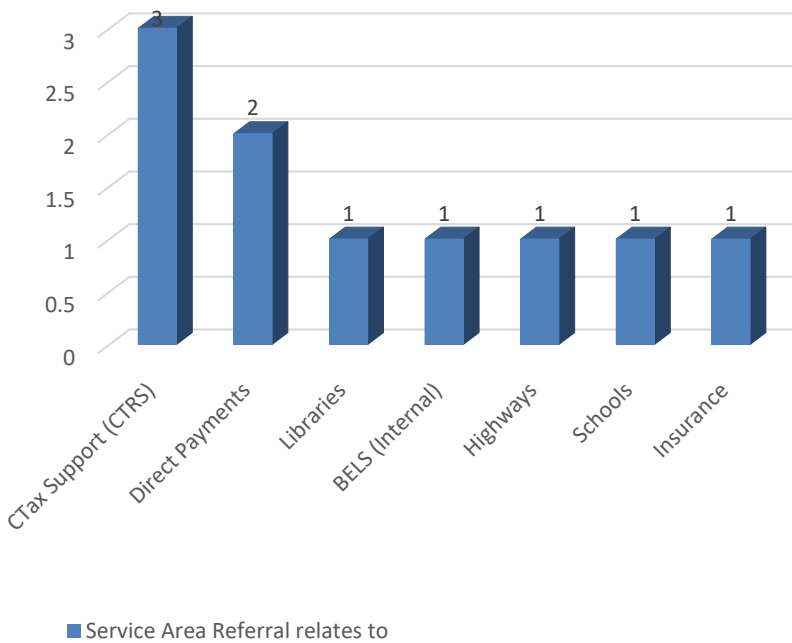
32 cases carried forward from Q2

10 New referrals received in Q3

10 cases were closed in Q3

32 on-going investigations

New Referrals received in Quarter 3



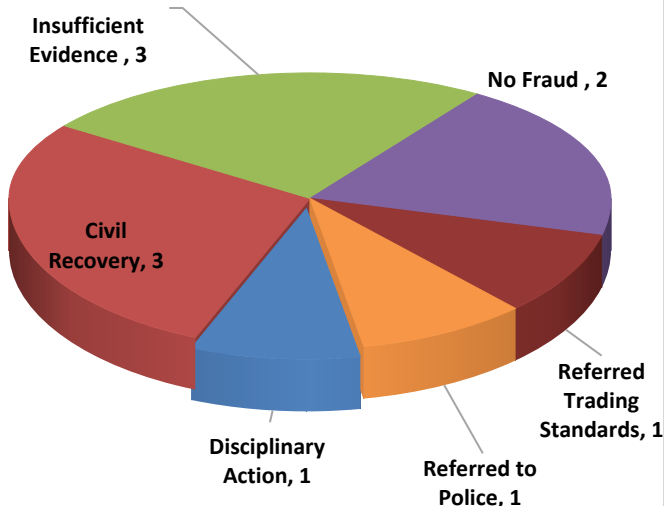
The majority of referrals in this quarter relate to **Council Tax Support (CTRS)** with this being **30%** of all new referrals.

5,619 data matches were identified through the NFI Fraud Hub relating to Council Tax SPD. In collaboration with the Council Tax team, so far, **347** of these have been dealt with a further **47** being investigated, resulting in **£3,389.31** being identified for recovery savings

Although the number of new referrals decreased this quarter, the current on-going cases are more complex in nature this year which are resource intensive

Closed cases in Quarter 3

CASE OUTCOMES



3 Civil Recovery

- Single Person discounts (SPD) removed from Council Tax accounts resulting in **£3,508.09** to be recovered

3 Insufficient Evidence

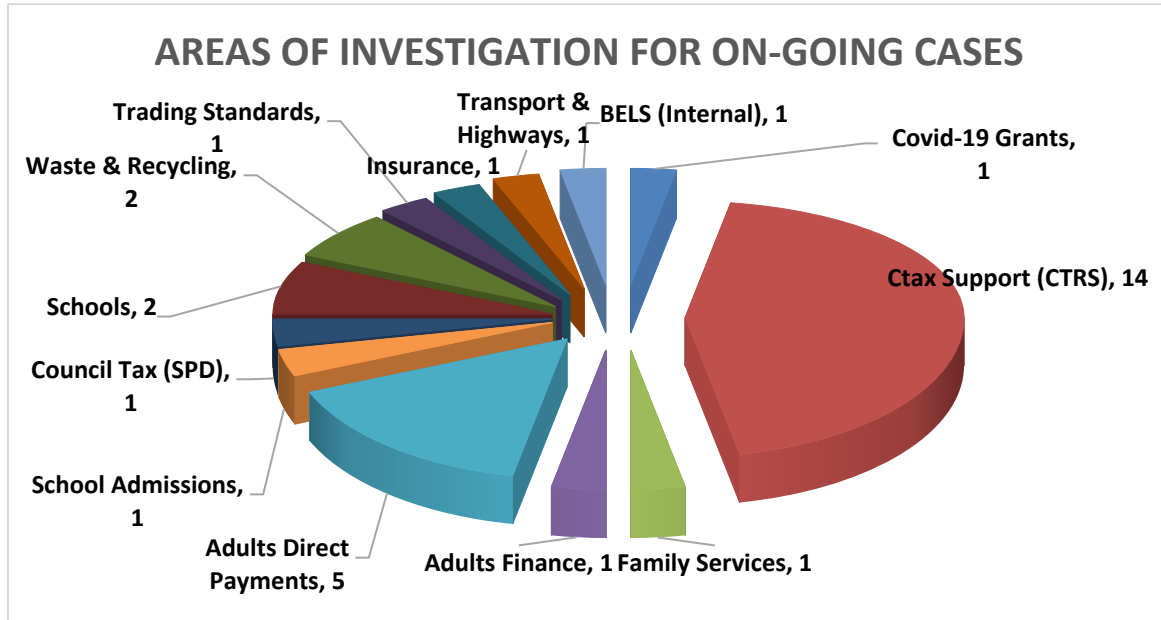
2 No Fraud

1 Referred to HR for Disciplinary Action

1 Referred to Police

1 Referred to Trading Standards

On-going investigations



- 14 Council Tax (CTRS)
- 5 Adults Direct Payments
- 2 Waste & recycling
- 2 Schools
- 1 Council Tax (SPD)
- 1 BELS (internal)
- 1 Covid-19 Grants
- 1 Adults Finance
- 1 Family Services
- 1 School Admissions
- 1 Trading Standards
- 1 Transport & Highways
- 1 Insurance

1 case is currently with our legal team awaiting prosecution

Noteworthy Corporate Cases

Case 1 – A referral was received from Estates regarding the theft of key fobs and fuel cards from pool cars whilst parked in Platt Hall. There had been two separate incidents, and, on each occasion, a blue entry fob was used to access the gates at Platt Hall. It was confirmed that these were LBB allocated fobs but there were no records of who was in possession of them. CCTV had been obtained by CAFT officers and passed to Police. It was confirmed that a van was seen entering the site in the early hours of the morning but had in fact been granted access by security as the driver claimed to be an employee of the Ubeeqo car hire company. The CAFT investigation identified that the suspect was not a Barnet Council employee and evidence obtained, including CCTV footage, witness statements and key entry audit logs to assist the Police investigation which remains on-going.

Case 2 – A referral had been received regarding the misuse of a Corporate Purchase Card (P Card) by an employee. The service had discovered the mis-spend. The employee's past expenditure was analysed where it was identified that only one personal transaction had occurred which was under £50. This case fell below the threshold for CAFT action and was therefore referred back to the service to commence disciplinary proceedings with HR.

Case 3 – An anonymous referral was received alleging that a resident was claiming a single person discount (SPD) on his Council Tax account, although he was residing with his partner. Evidence was obtained confirming that a second adult was resident, and the resident was asked to provide details of when his partner had moved in. As no response was received, the SPD was removed from the earliest date that evidence was available resulting in **£861.82** being identified for recovery in Council tax payments.

Case 4 – A referral was received from the Assisted Travel team advising that they had received a Freedom Pass application for a property, however the property had a Single Person Discount (SPD) on the Council Tax account, and the applicant was not the named account holder. Further investigations including a property visit had revealed that the account holder had vacated some time ago and the property was a house of multiple occupation. There was no HMO licence registered to the property and no apparent planning permission. The Council Tax account was closed with removal of the SPD resulting in a recovery amount identified of **£1,373.55**. A referral was made to the HMO and Planning Enforcement teams and the Landlord has been made liable for the full council tax at the property.

There was a further investigation similar to those above resulting in the removal of a single person discount identifying an amount of **£1,272.72** which is in the process of being recovered

CONCESSIONARY TRAVEL FRAUD

This section details the investigation of Blue Badge Misuse, Blue Badge, Parking permit 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 **117** cases dealt with in **Quarter three** of 2022-23 relating to Concessionary Travel Fraud

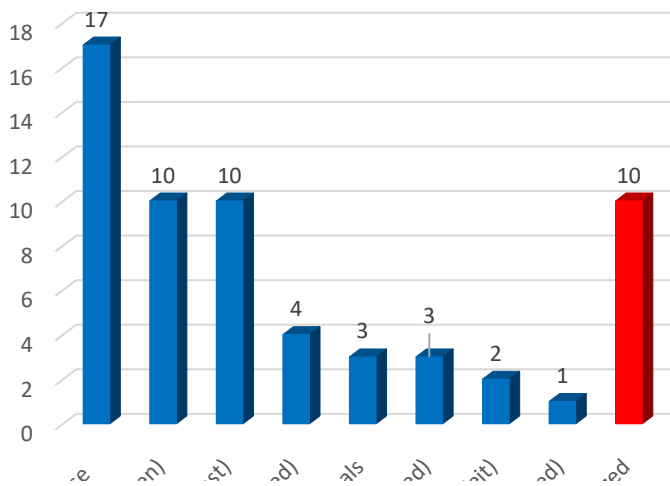
67 cases carried forward from Q2

50 New referrals received in quarter 3

61 cases were closed in Q3

56 on-going investigations

New Referrals received in Quarter 3

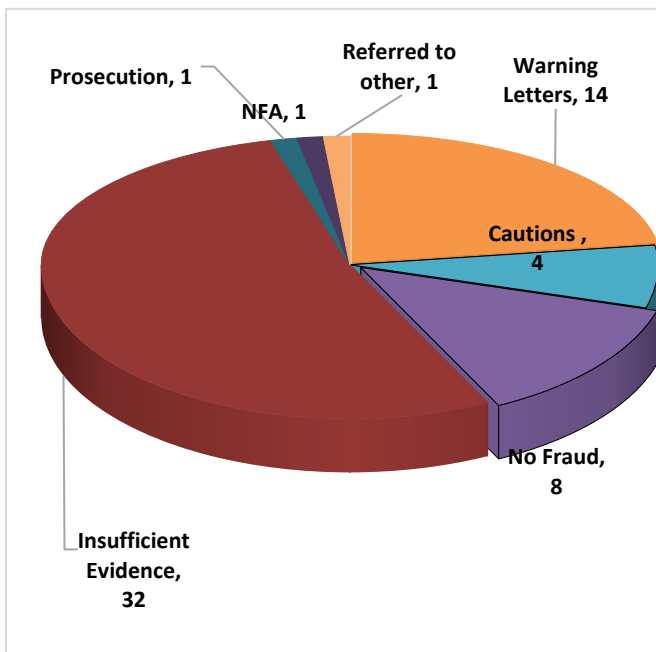


The highest number of referrals related to blue badge misuse / fraud in the area of **Golders Green** with this accounting for **20%** of all new referrals received this quarter. The next highest areas of misuse occurred in **Edgware, Finchley Church End and High Barnet** with **14%** of new cases in each area



Over **50%** of all offences identified in **Hendon** related to the use of **Stolen** badges

40% of all new cases related to the use of **lost and stolen** blue badges

Closed cases in Quarter 3

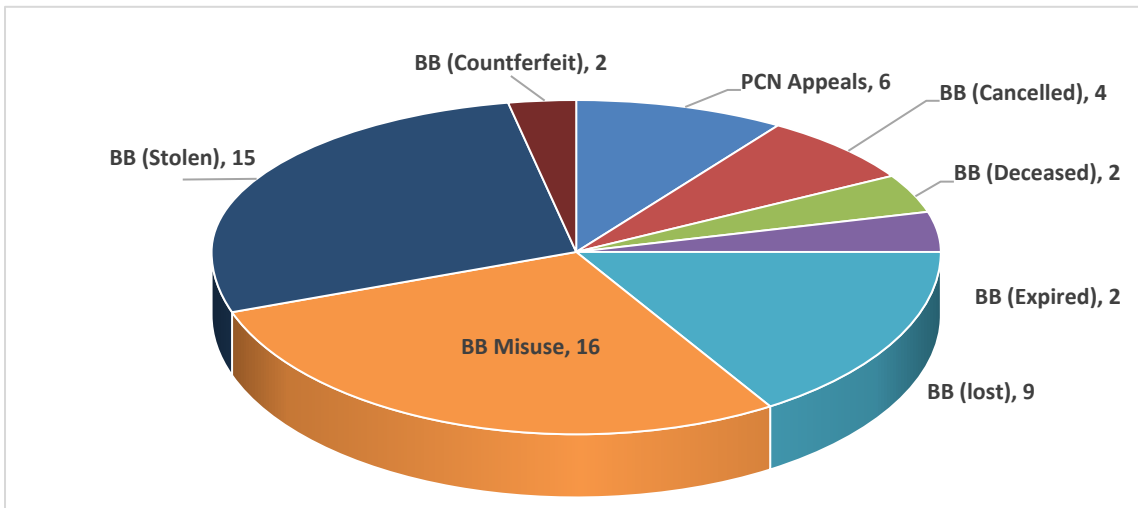


Outcomes

- 1** Criminal Prosecution (costs recovered £300)
- 4** Cautions  (total costs recovered £70)
- 14** Warning Letters 
- 32** Insufficient Evidence
- 8** No Fraud
- 1** NFA (not in public interest)
- 1** referred to another Borough

* 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

On-going Investigations



6 cases are with our legal team for prosecution
5 relate to the use of a stolen badge
1 relates to fraudulent parking appeals

4 Cautions were administered by the CAFT in Quarter three

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 – Ms J was previously a full-time live-in carer, when the person she cared for passed away in the latter part of 2021, they bequeathed their vehicle to her. Inside the vehicle Ms J found the blue badge which she subsequently was found to be using when CAFT officers observed it on her vehicle. She was interviewed under caution in relation to this and gave an explanation that she was only using the deceased persons badge to park while she was collecting another genuine badge holder so she could then display their badge instead. Due to discrepancies in her story her explanation was not accepted, and the matter was put forward for prosecution. She was convicted under the Wrongful use of a disabled persons badge contrary to Section 117(1A) of Road Traffic Act 1984 and sentenced to a fine of £276, Vitim Surcharge of £34 and ordered to pay costs of £300.

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 **170** cases dealt with in **Quarter three** of 2022-23 relating to Tenancy Fraud

99 cases carried forward from Q2

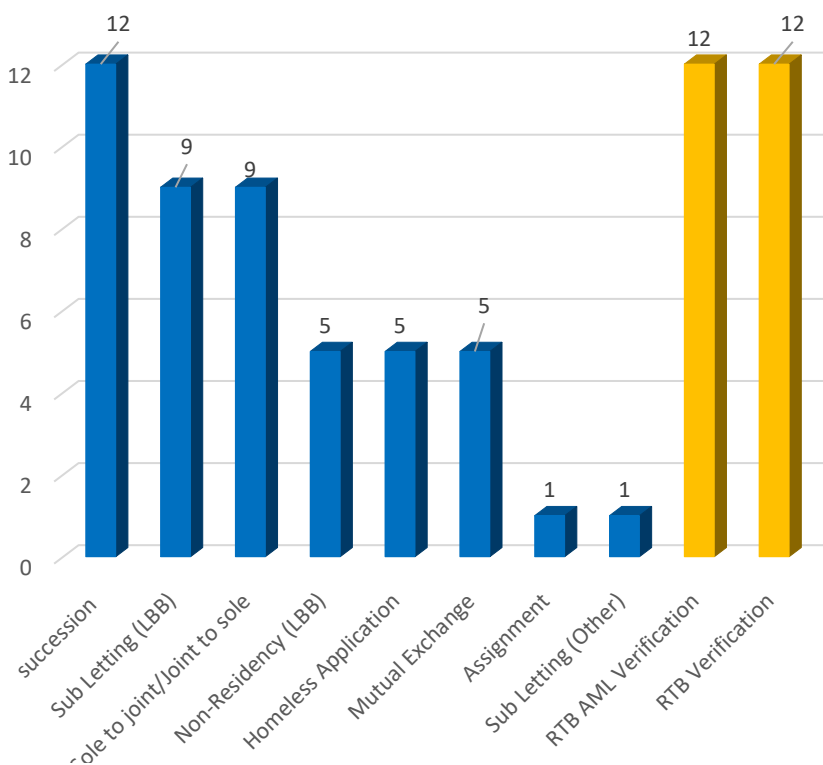
47 New Fraud referrals received in Q3

24 Right to buy applications for verification

74 Cases were closed in Q3

96 on-going investigations

New Fraud Referrals / RTB Verification Requests received in Quarter 3



The majority of new fraud referrals related to properties in the area of Colindale with a total of **21.2%** of new cases in that area



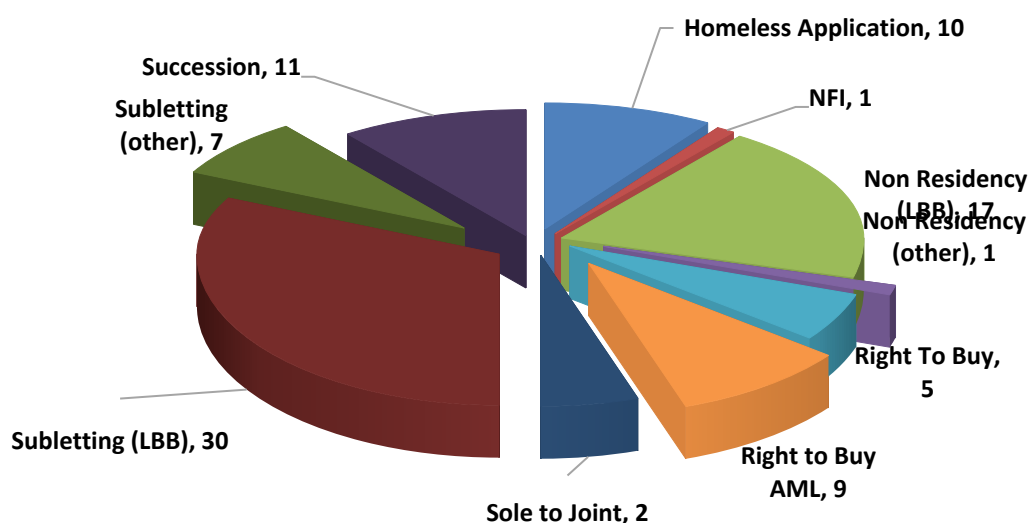
Closed cases in Quarter 3

- 9 Properties Recovered (Keys Returned)
- 5 Right to Buy Applications cancelled
- 1 Assignment Application denied
- 1 Mutual exchange Application denied
- 1 Succession Application denied
- 17 No Fraud

- 11 Right to Buy Applications Verified
- 25 Applications verified
- 2 RTB AML checks not satisfied
- 1 Sole to joint Application denied
- 1 Insufficient Evidence

On-going Investigations

AREAS OF INVESTIGATION FOR ON-GOING CASES



- 30 Subletting (LBB)
- 17 Non-residency (LBB)
- 11 Successions
- 10 Homeless Applications
- 9 RTB AML
- 7 Subletting (other)
- 5 Right to Buy
- 5 Sole to joint tenancy application
- 1 non-residency (other)
- 1 NFI

21 Cases are with legal.

11 of which are awaiting civil action.

2 are for both civil and criminal action.

2 prosecution cases for sub-letting.

1 prosecution for a false housing application

5 possession orders granted by the court awaiting eviction dates.

As a result of CAFT investigations 5 Right to Buy applications were stopped resulting in the properties being retained in council housing stock. Had the purchases been allowed to continue, LB Barnet would have offered a discount of £116,200 on each property. This equates to the authority retaining an asset value of **£581,000.**

9 properties (4 x 1 bed, 3 x 2 bed and 2 x 3 bed) were recovered during Quarter three. This equates to a saving in temporary accommodation costs of **£224,331.**

1 on-going investigation has had the property recovered in quarter 3 and is awaiting further action in court.

Noteworthy Tenancy Fraud Cases

Case 1 – Mr R had a one-bedroom flat in Barnet, a CAFT investigation started due to an anonymous referral stating the tenant was sub-letting his social housing property to a friend. The following investigation and evidence found the tenant had been living with his partner in Colindale for at least 9 months. The tenant was interviewed under caution, despite the strong evidence placing him at his partners he denied any offences, however returned the keys and the property was recovered.

Case 2 – Miss B had a two-bedroom flat in Colindale, the investigation started due to a referral received from Barnet Homes, they stated there had been a fire at the block of the social housing tenancy and they had not been able to make contact with the tenant. The following investigation and evidence obtained showed the tenant had been abroad for some time and has admitted to being in Qatar, although the evidence obtained also shows she was sub-letting, due to the fact she is abroad we are unable to prosecute, the tenant did return the keys and the property was recovered.

Case 3 – Mr T had a one-bedroom flat in Edgware, the investigation started following a referral received from a housing officer of Barnet Homes, they were unable to gain access to the property despite a number of letters and telephone calls regarding a gas safety check, therefore suspected the tenant was not resident. The following investigation found that the tenant was in prison and had been sentenced to 3 years, the tenant was contacted and indicated he would not be returning the property. A Termination of Tenancy form was sent to the tenant in prison which he signed and returned which ended his tenancy, the locks were changed, and the property was recovered.

Case 4 - Mr O had a two-bedroom flat in Colindale, a CAFT investigation started due to a referral received from the neighbour of the property stating the tenant was not resident and sub-letting to others, initial checks showed this was a Habinteg Housing Association Property. The resulting investigation and evidence found the tenant had flown to Ghana on 16 February 2018 and not returned to the UK, further evidence showed that two other people were living in the property as sub-tenants. A Notice to Quit and Notice Seeking Possession were served at the tenancy address. The keys for the property were returned anonymously and the property was recovered. Due to the tenant being abroad there was no realistic prospect of prosecution.

Case 5 – Mr N had a three-bedroom property in Mill Hill, the investigation started due to a referral from Barnet Homes Gas Safety Team, they had forced entry to the social housing property to carry out safety checks as there had been no response from the tenant. The following investigation found that the tenant had passed away in March 2022. The tenant's daughter was contacted and confirmed her father had passed away and returned the keys to the property, a peaceful possession was carried out and the property has been recovered.

Case 6 – Miss N had a one-bedroom flat in Barnet, a CAFT investigation started due to a referral received from the neighbour of the tenant. It was alleged the tenant had vacated her social housing property and sub-let to two males. The following investigation and evidence found that the tenant had a tenancy in Slough and had done since 1 February 2021, further evidence showed she was receiving rental payments for the social housing property in Barnet. The tenant admitted not living in the social housing property, however denied sub-letting. The keys were returned, and the social housing property was recovered. Due to the tenants mitigating circumstances it was not in the public interest to prosecute and the recovery of the property was the best outcome.

Case 7 – Miss B had a one-bedroom flat in Finchley Central, a CAFT investigation started due to a referral received from Barnet Homes Income Collection Team Manager, advising they had spoken to the tenant who had informed them she was in Sri Lanka, however, would be returning to the UK in October 2022. The following investigation and evidence found that the tenant flew to Sri Lanka on 18 March 2022 and in fact would not be returning to the property. The tenant signed a termination of tenancy form, a peaceful possession was carried out and the property has been recovered.

Case 8 – Miss S had a three-bedroom flat in Colindale, the investigation started due to a referral received from Barnet Homes Income Collection Team, the referral alleged the tenant was sub-letting her social housing property. The following investigation found evidence that sub-letting had taken place and that the tenant had been abroad since April 2021. The matter was taken to civil court where an outright possession order was granted. The eviction took place on 22 November 2022 and the property has been recovered. Due to the tenant being abroad there was no prospect of prosecution.

Case 9 – Miss S had a two-bedroom flat in Barnet, the investigation started due to a referral received from a housing officer of Barnet Homes, the referral stated they had spoken to the tenant who informed them she was abroad however would be

returning. The following investigation found the tenant had travelled to Iran with her daughter in September 2022 and did not expect to return. A telephone call was received from the tenant's sister to state unfortunately her sister had passed away in Iran and provided a death certificate. The tenant's sister was her next of kin, she returned the keys, and the property was recovered.

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 **12** cases dealt with in **Quarter three** of 2022-23 relating to financial investigation

12 cases carried forward from Q2

0 New FI Cases opened in quarter 3

2 FI cases closed in quarter 3

10 on-going FI investigations

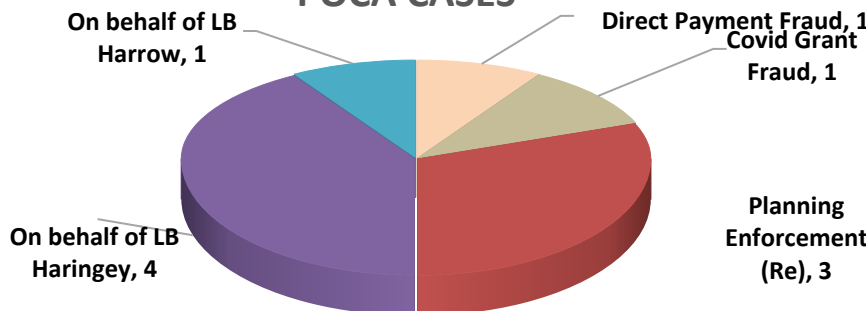
Closed cases in quarter three

1 Insufficient Assets

1 Proceeds Recovered

On-going investigations

AREAS OF INVESTIGATION FOR ON-GOING POCA CASES



- 4 On behalf of LB Haringey
- 3 Planning Enforcement (Re)
- 1 On behalf of LB Harrow
- 1 Covid Grant Fraud
- 1 Direct Payment Fraud

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

- **30% is allocated to LBB as the investigating authority**

- From this allocation, **7.5%** is taken by the Asset Recovery Agency (ARA) for the administration of the funds

In addition to this scheme and in relation to the 30%, CAFT have local agreements in place with Re and also 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 30% share is retained after the deduction of the Asset Recovery Agency's administration costs.

Under this scheme, the total allocation amount received from the ARA after relevant deductions this quarter amounts to £357,806.53. £63,901.02 of this is to be paid to other local authorities as per MOUs. LBB to retain £293,905.51. These amounts are part recoveries of two planning cases from Haringey Council and two Barnet planning cases. The details of these cases will be reported once the financial recoveries are completed.