

MEETING

AUDIT COMMITTEE

DATE AND TIME

WEDNESDAY 26TH APRIL, 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

Ammar Naqvi

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 21 April 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

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)	
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12.	CAFT Annual report 20222023	135 - 154
13.	Motion to Exclude the Press and Public	
14.	Appendix A - Third Party Security and Awareness Exempt	155 - 160
15.	Any item(s) the Chairman decides are urgent	

FACILITIES FOR PEOPLE WITH DISABILITIES

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Decisions of the Audit Committee

16 January 2023

Members Present:-

AGENDA ITEM 1

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

Councillor Rohit Grover
Councillor Alex Prager

Councillor Ammar Naqvi
Councillor Paul Lemon

Also in Attendance
Independent Member Geraldine Chadwick
Independent Member Richard Harbord

1. MINUTES OF LAST MEETING

Independent Members highlighted that at the previous meeting, there were no representatives from Capita present to update the Committee and requested that it be recorded in the minutes.

RESOLVED that the minutes of the meeting held on 02 November 2022 be agreed as a correct record.

2. ABSENCE OF MEMBERS (IF ANY)

None.

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

Councillor Arjun Mittra made a declaration in relation to agenda item 8 by virtue of his role as Governor at Coppetts Wood School.

4. REPORT OF THE MONITORING OFFICER (IF ANY)

None.

5. PUBLIC QUESTION AND COMMENTS (IF ANY)

None.

6. MEMBERS' ITEMS (IF ANY)

None.

7. UPDATE ON THE 202021 CLOSURE OF ACCOUNTS AND THE 202122 EXTERNAL AUDIT PLAN

BDO representative, Mr Michael Asarebediako, was in attendance to update the Committee.

It was noted that ongoing work with the Council was being done to align good disclosures with CIPFA's Code of Practice as well as to adopt accounting for infrastructure assets. Upon completion of those key areas, the 2021 accounts may be signed off.

Members queried whether the accounts could be completed as soon as possible. BDO advised that the challenges faced with staff capacity and property valuations would require a strategy and a plan in place to clear the back log.

Independent Members commented on the risk based approach being used to close the accounts.

The Executive Director of Resources (Section 151 Officer), Anisa Darr, assured Members that the complications were driven by the Financial Reporting Council but representation from Barnet was being made to address those issues.

RESOLVED that the Audit Committee:

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

8. INTERNAL AUDIT EXCEPTION RECOMMENDATIONS REPORT AND Q3 PROGRESS REPORT

The Head of Internal Audit, Caroline Glitre, presented the report. The Committee was informed that a second recommendation was added to the report.

Members noted the progress against the internal audit recommendations and work completed to date including critical and high priority actions. Actions not taken forward by Regional Enterprise (Re) would be taken over by the Council and reported in the Q4 report to Committee.

Operations Director from Capita, Denise Moon, provided a summary of actions including changes to be made to service specification. Denise Moon apologised to Members for not flagging risks sooner and the impact it has had on service delivery due to resourcing challenges. It was noted that some actions would be completed by the revised timeline.

Members queried about whether the transfer of services could be carried out properly, given the ongoing issues. It was noted that plans were in place to attend ongoing project board meetings to have a view on emerging risks. In addition, some activities that were not high risk in Q4 would be de-prioritised and reported later during the transition of services.

Independent Members said that the lack of progress by Capita was disappointing and queried about compensation for Barnet. It was noted that there has been no application for compensation from the Council which would be taken into consideration.

Members challenged that the 24% implementation rate on actions followed up was very low. The Lead Officer explained that it was due to the delay caused by the transfer of services and actions of schools that had not been implemented within the agreed time frame.

Executive Director of Assurance, Clair Green, said that the probability of staff not transferring back to the Council from Re was a risk that has been noted. However, under TUPE regulations, personal data could not be obtained despite the accelerated timeframe of the project. Staff engagement sessions will ensue prior to transfer as well as recruitment to vacant posts, supported by Capita.

The Chair left the meeting for the second part of the Lead Officer's report and recommendation.

In relation to schools, a high priority action was identified with St James Catholic High with regards to financial planning. Confirmation of implementation was being agreed with the school.

RESOLVED that the Audit Committee:

1. Notes the general work completed to date on the internal audit Q3 report – 1st October to 31st December 2022

2. Notes the work completed to date on Schools within the internal audit Q3 report 1 October to 31 December 2022.

9. CORPORATE ANTI-FRAUD TEAM (CAFT)

The Assistant Director of CAFT, Declan Khan, presented the report and updated the Committee with the number of fraudulent cases.

High numbers of cases were identified in the concessionary travel and tenancy fraud teams during fraud awareness week.

In relation to the whistleblowing policy, Members queried whether actions were taken against the culprits and if there were any negative repercussions for the whistle-blower.

In addition to annual data on whistleblowing reported to the Audit Committee, there were processes in place that provided protection for anyone blowing the whistle. Fraud awareness training encouraged whistleblowing when required.

In response to Members, it was noted that controls in place around the use of purchase cards included a review of payments processes and approval from line managers. Awareness and training were recommended for responsible managers.

It was noted that ultimate responsibility on determining whether a particular fraudulent case required prosecution in the Council's interest, lied with the Assistant Director Counter Fraud, Community Safety & Protection.

RESOLVED that the Audit Committee notes the work of the Corporate Anti-Fraud Team referred to in Appendix 1.

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

None.

The meeting finished at 8.27pm



Audit Committee 26th April 2023

Update on the 2020/21 Closure of accounts

Title

Report of

Executive Director of Strategy and Resources

Wards

All

Status

Public

Urgent

No

Key

No

Enclosures

None

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.

Officers Recommendations

- 1. That the Committee notes the factors that are delaying the sign off of the Council's 2020/21 Statement of Accounts.**

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 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.

2. REASONS FOR RECOMMENDATIONS

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

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Not applicable

4. POST DECISION IMPLEMENTATION

- 4.1 Not applicable

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The Annual Statement of Accounts are the primary means by which the Council is held to account for the stewardship of its resources and are aligned with the Council's objectives set out in the Corporate Plan 'Our Plan for Barnet 2023 – 2026'.
- 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.

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 16 January 2023	Item 7: Update on the 2020/21 Closure of accounts and the 2021/22 External Audit Plan	Agenda for Audit Committee on Monday 16th January, 2023, 7.00 pm (moderngov.co.uk)
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/document/s/s64729/External Audit Plan 202021.pdf

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Audit Committee

26th April 2023

Title	<p>Internal Audit Exception Recommendations Report and Q4 Progress Report 1st January to 31st March 2023: ‘Cyber Security - Third Party Security and Awareness’ audit</p>
Report of	Executive Director of Assurance Head of Internal Audit
Wards	N/A
Status	Public with Exempt Appendix A Appendix A - Not for publication by virtue of paragraph 7 of Schedule 12A of the Local Government Act 1972 as amended
Urgent	No
Key	No
Enclosures	Exempt - Appendix 1 - Internal Audit Q4 progress report (1st January to 31 st March 2023): ‘Cyber Security - Third Party Security and Awareness’ audit
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 Q4, the service completed an audit of 'Cyber Security – Third Party Security and Awareness.'

This report is exempt from publication by virtue of paragraph 7 of Schedule 12A of the Local Government Act 1972 as amended:

- Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime

It is the view of the Head of Internal Audit that it is in the public interest to make this report exempt.

Recommendations

- 1. That the Audit Committee note the work completed on 'Cyber Security – Third Party Security and Awareness'**

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>

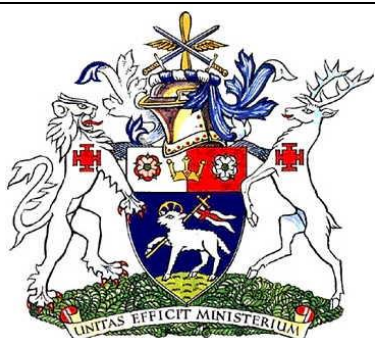
6.3 Audit Committee 17 February 2011 (Decision Item 7) – the Committee (i) agreed that a report would be prepared quarterly regarding those internal audit recommendations not implemented (ii) requested that the table of priority 1 recommendations should in future indicate what date recommendations were 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%2>

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Audit Committee

26th April 2023

Title	Internal Audit Exception Recommendations Report and Q4 Progress Report 1st January to 31st March 2023
Report of	Executive Director of Assurance Head of Internal Audit
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	Appendix 1- Internal Audit Q4 progress report (1st January to 31 st March 2023)
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 Q4, the service completed 20 reviews and at that time had delivered 91% of our annual internal audit programme for 2022/23. This is above the target for Q4 of 90%.

There were four (4) 'Limited' assurance reports issued in the period and covered in this report:

- Recruitment Pre-Employment checks including Right to Work
- Staff Conduct Standards Compliance
- Menorah Foundation School
- Bell Lane 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>

Q4 Follow-Ups

During Q4, the Internal Audit service followed up on high and a sample of medium priority actions with an implementation date of 31st March 2023 or sooner.

A total of 31 high priority and 15 medium priority actions were followed up in this period.

In Q4 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	16	7	-	8
Medium priority actions: Follow-up Summary	Total	Implemented	In progress	Not Implemented	Not completed – Transition back to LB Barnet
Total Number of Actions Tested	15	13	2	-	-
Total actions followed up in Q4	46	29	9	-	8
%		63%	20%	-	17%

At the end of Q4 the Internal Audit service had confirmed 63% 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.

Recommendations

1. That the Audit Committee note the general work completed to date on the internal audit Q4 report – 1st January to 31st March 2023.

2. That the Audit Committee note the work completed to date on Schools within the internal audit Q4 report – 1st January to 31st March 2023.

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%](https://barnet.moderngov.co.uk/documents/s72956/Appendix%20A%20-%20Internal%20Audit%20)

Internal Audit – London Borough of Barnet

Appendix 1



Internal Audit Q4 Progress Report 1 January – 31 March 2023



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 20 reviews in this current period and to date have delivered 91% of our combined 2022/23 annual internal audit programme. This is above the end of year target of 90% at the end of March and 100% by the end of April.

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

1.2.2 There were 4 'Limited' assurance reports issued in this period and covered in this report:

- **Staff Conduct Standards Compliance**
- **Recruitment Pre-Employment checks including Right to Work**
- **Menorah Foundation School**
- **Bell Lane 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 March 2023 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 Q4:

- 16 actions have been confirmed as implemented (52%);
- 7 actions have been partially implemented (in Progress) (22%); and
- 8 actions have not been completed due to Re services transitioning back to LB Barnet (26%)

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

For those actions considered not viable pre-transfer, revised deadlines will be 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	16	7	-	8

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

A total of 15 medium priority actions have been followed up in Q4:

- 13 actions have been confirmed as implemented or closed (87%); and
2 actions have been partially implemented (in Progress) (13%).

Medium priority actions: Follow-up Summary	Total	Implemented	In progress	Not Implemented	Not completed – Transition back to LB Barnet
Total Number of Actions Tested	15	13	2	-	-
Total actions followed up in Q4	46	29	9	-	8
%		63%	20%	-	17%

1.3.3 In total, 63% of actions followed up in Q4 have been confirmed as implemented at this time, which is below the target of 90%. A verbal update will be given to Audit Committee if any evidence of further progress is provided.

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

ASS018 - Audit advice and/or agreed actions not being implemented could lead to a deterioration in the council's control environment resulting in the Head of Internal Audit providing a Limited Assurance Annual Opinion.

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

1.4 Other Matters

1.4.1 Cross borough working – Cross Council Assurance Service (CCAS) Apprenticeship Recruitment

- As previously reported to the Audit Committee, in response to a number of vacancies within London Boroughs who are part of the CCAS framework, an innovative approach has been pioneered to provide a pathway for apprentices to achieve a Level 4 Internal Audit qualification. The ambition is to build a pool of talented individuals who are keen to develop a career in Public Sector Internal Audit.
- In September 2022, a total of nine apprentices were recruited across five Boroughs after a ‘blind’ recruitment campaign: Barnet, Barking & Dagenham, Lambeth, Lewisham and Waltham Forest.
- A further cohort of apprentices are due to be recruited in September 2023.
- The project has been shortlisted for an Institute of Internal Audit (IIA) Audit & Risk Award in the category of **Best Innovation in Training and Development**. The winners will be announced on 22nd June.

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 Staff Conduct Standards Compliance

Number of Recommendations by risk Category	
High	Medium
1	4

Background and Scope

This review was undertaken as part of the 2021-22 Internal Audit and Anti-Fraud Strategy and Annual Plan approved by the Council's Audit Committee on 28 April 2021. The Executive Directors for Assurance and Strategy & Resources sponsored the review and relevant service leads within HR, Governance and the Corporate Anti-Fraud Team were jointly responsible for agreeing the Terms of Reference. The review took longer to complete than originally planned due to changes in staffing within the Internal Audit team.

In the wake of recent governance failings at a number of Local Authorities, leading to Public Interest reports being issued over Nottingham City Council (August 2020), the London Borough of Croydon (October 2020) and Northampton Borough Council (January 2021), it is clear that having a clear staff Code of Conduct which is understood and adhered to is a key building block of an appropriate culture for a local authority. Fighting Fraud and Corruption Locally (FFCL) 2020 is the updated counter fraud and corruption strategy for local government. It was adopted by Barnet's Audit Committee at their meeting on 28th April 2021, as part of the Internal Audit & Anti-Fraud Strategy and Annual Plan 2021-22. It provides a blueprint for a coordinated response to fraud and corruption perpetrated against local authorities with the support of those at the top.

The Strategy provides a checklist against which local authorities can benchmark themselves in order to identify how they can put the strategy into action. This was included in Appendix 2 of the Terms of Reference.

The key objectives of this internal audit review were to confirm that:

- The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.
- The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering:
 - codes of conduct including behaviour for counter fraud, anti-bribery and corruption
 - register of interests
 - register of gifts and hospitality.

- Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to committee.

Summary of findings

The Fighting Fraud and Corruption Locally (FFCL) strategy sets out five activity pillars for countering fraud in Councils which are Govern, Acknowledge, Prevent, Pursue and Protect.

The activity 'Govern' requires having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.

The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business. There is a Code of Conduct, available for referral, which sets out the standards of behaviour expected of officers when carrying out the duties of their post. The Council Code of Conduct defines the requirements and processes for declaring, assessing and reporting conflicts of interest when they arise and declaring gifts, hospitality and sponsorship when received by officers in the course of undertaking their duties for the Council. It covers the declaration of family relationships, the declaration of any involvement/relationships with other organisations and describes the conduct expected when appointing and interacting with contractors. Embedding arrangements for compliance with the Code of Conduct therefore has a direct link to the 'Govern' activity of the FFCL strategy.

Our review confirmed that there were arrangements for declaring, reporting, reviewing/assessing and maintaining records:

- of conflicts of interest arising while undertaking duties; and
- of gifts/hospitality/sponsorships received while undertaking duties

The Council's Whistleblowing policy is another key process for reporting/identifying breaches in Code of Conduct. We are not aware of any reported breaches in relation to the above over the last 5 years. Where breaches have been noted, in line with the Whistleblowing policy these will be investigated by the Director of Assurance, Section 151 Officer/Director of Resources, the Chief or Deputy Chief Executive, the Monitoring Officer, the Assistant Director Counter Fraud, Community Safety & Protection, the Head of Internal Audit or the Head of Governance. The last significant related breach in the Council stemming from a whistleblowing incident was reported in November 2015 and was investigated by the Chief Executive and Director of Assurance. The breach involved a failure to address a conflict of interest in relation to a recruitment decision and illicit payments and led to an investigation resulting in an overhaul of the Service management and processes (Street Scene Operations Review – November 2015). We therefore have evidence that breaches of the Code of Conduct reported under the Council's Whistleblowing arrangements at the Council will be investigated and addressed, so supporting the 'Pursue' activity referred to in the FFCL.

The Council's Monitoring officer and Head of Governance have confirmed that the Code of Conduct is due be included in the Council's Constitution as part of the next constitution review by May 2023 which will serve to raise its profile as a key council document. The Constitution sets out the parameters within which the Council should operate, how decisions are to be made and the procedures which are to be followed to ensure that the Council is efficient, transparent and accountable to residents.

This audit has identified one (1) High and four (4) Medium risk rated findings to improve arrangements:

- **Staff Code of Conduct - Declaration of interests (High):** We tested whether permanent and agency staff new starters completed declaration of interest forms and signed off as having read and understood the Council's Code of Conduct. We concluded from testing that starters did not consistently complete declaration of interest forms and did not consistently receive and sign-off as to having read and understood the Code of Conduct. We noted that agency workers complete confidentiality agreements which referred to them having to comply with the Code of Conduct but noted that they were not provided with the Code of Conduct when starting their contract. Processes for completing declarations of conflicts of interest and raising awareness of the Council's Code

of Conduct should therefore be improved to ensure that staff cannot claim ignorance of their responsibilities should instances of non-compliance with the Code of Conduct be detected at a later stage.

- **Staff Code of Conduct - Document review schedule and version controls (Medium):** There is no regular review process which assesses the Code of Conduct documents in order to incorporate recent changes in legislation and guidance prescribed to local authorities. While the Code of Conduct does have documented version controls, its most recent iteration (3.1) was last reviewed in 2016 (it was meant to be reviewed again in July 2018, however this was not done).
- **Training and Development – Nolan Principles of Public Life and the Barnet Corporate Induction event (Medium):** While the Staff Code of Conduct embodies the spirit of the Nolan Principles there is no formal definition of these tenets in any of the Council's induction or training narratives. If standards are present in theory only, then the culture of the organisation will not develop to ensure that fraud and associated unwanted behaviours are prevented. Regarding the Barnet Corporate Induction event, it has been mandatory for all permanent employees who started in October 2021 onwards to attend the Barnet Corporate Induction event. We noted 1/10 instances when a permanent starter had not attended the Barnet Corporate Induction event. Attendance for agency workers is not mandatory but is available if the line manager requests it. Key aspects of Council operation as covered in the induction event are therefore not being communicated to all starters (employees/ agency workers) at the Council. We reviewed the Barnet Corporate Induction event slides and noted that they referred to the Nolan principles but not the Code of Conduct specifically. We also noted another course called People Management 5. Code of Conduct which covered the Code but was not mandatory. Our view is that Code of Conduct should be referenced in mandatory training to ensure that all staff are aware of its requirements.
- **Staff Code of Conduct – Declaration of gifts, hospitality and sponsorship (Medium):** The Code of Conduct specifies the arrangements for declaring, reporting, reviewing and recording gifts/hospitality/sponsorships received. The related declaration form is available on the Intranet for use where necessary. We concluded that the number of declarations on the central register appeared to be low. Arrangements could be improved for communicating to further raise awareness of the Council requirement to declare and report gifts, hospitality and sponsorship when offers are received and for keeping the register of gifts/hospitality/sponsorships up to date.
- **Performance Reviews - Monitoring compliance with Code of Conduct (Medium):** There are no agreed Corporate targets linked to supporting compliance with the Code of Conduct embedded in the Council Performance Review process, similar to the Corporate target for completion of performance reviews which should be included as an objective in all performance appraisals. Therefore, a mechanism to facilitate routine council wide compliance monitoring is not being utilised, involving line managers reviewing and challenging their supervisees for compliance with the Code of Conduct, where applicable, as part of mid-year and year-end reviews.

Suitable actions have been agreed with management to address the identified issues. Actions will be followed up in Q1 and the outcome reported to the Audit Committee.

2.1.2 Recruitment - Pre-employment checks inc. Right To Work

Number of Recommendations by risk Category			
High	Medium	Low	Advisory
2	3	3	1

Background and Scope

Fighting Fraud and Corruption Locally (FFCL) 2020 is the updated counter fraud and corruption strategy for local government, which has been adopted by the Council since April 2021. It provides a blueprint for a coordinated response to fraud and corruption perpetrated against local authorities with the support of those at the top. One core component of this strategy is that the local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended in FFCL 2020 to prevent potentially dishonest employees from being appointed.

As a result of the Covid-19 pandemic, multiple processes throughout the recruitment process had to move online as the Council adapted to the dynamically changing working environment. Pre-employment document checks, forming a component of this staff vetting process, were moved online, raising a concern over the ability to verify a document as genuine or the original.

In light of recent structural and partnership changes between the London Borough of Barnet (“the Council”) and Capita, the majority of the HR function was brought back in-house in January 2022, with Capita HR only continuing to deliver small elements of the service. The Council inherited an HR e-solutions suite for recruitment, Vacancy Filler, which was gradually implemented from 1 January and in full use from 1 July 2022 onwards.

As part of this review, Internal Audit reviewed the processes and controls surrounding pre-employment checks undertaken by the Council for both external hires and internal movers, along with the associated records held within Vacancy Filler and by Capita for such employees.

Summary of findings

The Recruitment Team at the Council is a new team, established in January 2022, when the recruitment service was brought back in house. Since then, the team has embarked on improving and enhancing service delivery, which has included the development of formalised policy and procedure documents and the integration of a centralised pre-employment system, Vacancy Filler. Whilst these improvements have been critical in developing the control environment, and we noted that compliance improved over time during the period of testing (July – September 2022), this review has identified a number of significant issues and further areas of improvement to address both control design and operating effectiveness deficiencies of the controls identified. The Recruitment Team at the Council have been entirely engaged in the audit process and have demonstrated a clear commitment to addressing the issues identified.

This audit has identified two high, three medium, three low risk and 1 advisory finding.

We identified the following issues as part of the audit:

- GDPR concerns (high risk)** - Pre-employment documents are retained within shared folders on file explorer, which is not a safe or secure location. These files could potentially be accessed by anyone in Capita, a third-party provider, and there are no access controls nor version /editing controls in place. All information received from the Council is stored, rather than only the information required to be retained. Personal data is deleted manually and there are no secondary checks or reviews performed to confirm relevant data has been deleted in a timely manner.

- **DBS renewals process and ownership (high risk)** - There are no documented procedure documents surrounding DBS renewals and oversight and responsibility for the administration and renewals of DBS is unclear. The Council does not have oversight of the status of current staff's DBS status.
- **Pre-employment check errors in Vacancy Filler (medium risk)** – As part of our review of Vacancy Filler, we selected a sample of 20 new hires from 1 July 2022 to 31 October 2022 and noted that for four out of 20 (20%) candidate records, pre-employment checks were completed after the start date and did not have the relevant risk assessment performed, as required per the Recruitment policy. We also noted administrative errors related to two candidate records.
- **Non-compliance with Recruitment Policy (medium risk)** - From a sample of 20 new hires from 1st July 2022 to 31 October 2022, one out of 20 (5%) had been onboarded directly by a hiring manager outside of the required Recruitment process and the required pre-employment checks had not been completed, including obtaining a DBS certificate.
- **SLaM (starters, leavers and movers) form DBS information (medium risk)** - SLaM form information does not explicitly detail when additional checks are not required including when DBS checks should not be conducted.

Suitable actions have been agreed with management to address the identified issues. Actions will be followed up in Q1 and the outcome reported to the Audit Committee.

2.1.3 Menorah Foundation School

Number of Recommendations by risk Category		
High	Medium	Low
2	5	4

Background and Scope

The audit of Menorah Foundation School was carried out as part of the planned School audits for 2022-23. The audit review covered the period April 2021 to November 2022.

Menorah Foundation School is a voluntary aided school with 370 pupils on role aged between 3 and 11 years of age. The school budgeted expenditure for 2022/23 is £3,231,996 with employee costs of £2,585,751 (80% of budgeted expenditure).

The school was assessed as 'Good' by OFSTED in June 2019.

A review of the ten recommendations reported in the previous audit report dated 27 June 2019 found that six recommendations had been partially repeated (Purchasing, Governance, Income, Payroll, Assets, VAT).

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 two high, five medium and four low priority issues as part of the audit:

- **Banking (High rated)** – The School Business Manager who is responsible for the accounts was allowed to make payments with school funds using the Transferwise online platform with sole authority. The payments had been made monthly from January 2021 to November 2022. The Financial Guide for Schools states that sole authority for payments by the person responsible for the accounts represents an unacceptable risk and should not be allowed.
- **Purchasing (High rated)** – There should be an agreed process to confirm separation of duties. Committed expenses which have not yet been invoiced are not recorded to allow accurate budget monitoring. All invoices 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. Budget code should be recorded on the invoice and invoices paid by direct debit and debit card should be signed. Payments to individuals should be made through the payroll. A debit card is in use in school. No debit card policy was available to confirm what paperwork should be available to support use of the school debit card.
- **Governance (Medium rated)** – The financial management policy and procedures document should be updated and approved by Governors to include an agreed basis for amounts to be provided from the Governor's fund to reimburse the school account for 32 members of staff employed on the school payroll, employed to provide teaching in Jewish studies. The policy should include reference to income received by the Governors for nursery childcare that should be reimbursed to the school account. A debit card policy should be approved and included in the finance policy. The policy should state that any two of three authorised signatories can approve bank payments. Local authority reporting requirements should be updated in the policy. The pay policy should be updated annually.

- **Financial Planning (Medium rated)** – The school set a balanced budget for 2022/23. The school return sent to the local authority in November 2022 showed that the school will have expenditure in excess of income £268,433 at the end of the year 31 March 2023. The school is working to reduce costs and raise income to reach a balanced year end position.
- **Income (Medium rated)** – Paperwork was not available at the audit to confirm that the school collected all income due for school meals, and that this was banked, or transferred to the main school budget account from which school meal invoices were paid. The school was unable to provide a trips and journeys income record as required by the Barnet Financial Guide for schools.
- **Banking (Medium rated)** – The monthly bank reconciliation should be signed by the Headteacher. Outstanding items on the bank reconciliation should be cleared without delay. The school should bank cash received in school regularly to comply with the £500 maximum limit for petty cash held in school noted in the finance policy.
- **Payroll (Medium rated)** – Overtime claim forms were not signed by a senior member of staff prior to entry into the payroll portal. HR files did not include all required paperwork and proof that DBS checks have been completed was not recorded on the school single central record. Governors had not kept the school pay policy up to date and recorded decisions made on non-teaching staff pay scales. Teachers pay could not be agreed to the School teachers pay and conditions document in September 2022. Monthly monitoring of payroll against budget should be completed and reviewed.

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

2.1.4 Bell Lane School

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

Background and Scope

Background and Scope

The audit of Bell Lane School was carried out as part of the planned School audits for 2022-23. The audit review covered the period April 2021 to December 2022.

Bell Lane School is a community school with 431 pupils on role aged between 2 and 11 years of age. The provision for 2 year olds is for children who are entitled to receive a free early education. Attached to the school is a Children's Centre supporting families with children aged under 5. The budgeted expenditure for the School and Children's Centre for 2022/23 is £2,781,559 with employee costs of £1,907,489 (68% of budgeted expenditure).

The school was assessed as 'Requires Improvement' by OFSTED in October 2021.

A review of the eight recommendations reported in the previous audit report dated 28 November 2017 found that one recommendation had been partially repeated (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, four medium and four low priority issues as part of the audit:

- **Purchasing (High rated)** – Throughout the period under review the school had not prepared purchase orders to evidence authorisation to purchase by a senior member of staff prior to order being placed. Committed expenses are not recorded to allow accurate budget monitoring. Invoices 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. Evidence that invoices for school meals were checked to school meal records prior to payment was not available at the audit. Procedures when using the school credit card and for orders placed on the school Amazon Business account should be reviewed to ensure a complete audit trail, separation of duties and proof of receipt of goods. From March 2022 to October 2022 purchases were made on the school credit card issued to a former member of staff who left school in February 2022.
- **Financial Planning (Medium rated)** – The school was able to set a balanced budget for 2022/23 when the funds allocated to the school and children's centre were combined. The school prepared a forecast at 30 September 2022 that shows that the school will have £26,127 deficit at 1 April 2023. The school must produce a forecast that shows that the school is able to return to an in year balanced budget position and present a balanced budget for the next three years.

- **Income (Medium rated)** – High level of school meal debt. Arrears for Breakfast/After school club and Nursery childcare. The school should receive payment in advance or on time to allow invoices for supply of meals and nursery costs to be paid. Reconciliation of money received for a school trip, including confirmation of amount of voluntary contributions not received was not reviewed by a senior member of staff.
- **Payroll (Medium rated)** – There should be sufficient staff in school so that changes to payroll are made in school with monthly checks evidenced. The external finance support team can then perform an independent check of payroll and monitor payroll costs to budget to ensure separation of duties. One HR file was found not to contain all information, and the Single Central record did not include the DBS details for one member of staff checked during the audit visit.
- **Assets (Medium rated)** – The IT inventory spreadsheet did not include sufficient information to comply with the Financial Guide for Schools. No evidence that an annual review was made every year was marked on the spreadsheet.

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 January 2023 to 31st March 2023 or that is currently underway.

Stage	Name of review	Report classification	Total findings	Ratings				
				Critical	High	Medium	Low	Advisory
Q4 – 1 January– 31 March 2023								
Complete	Recruitment - Pre-employment checks inc. Right To Work	Limited	9	-	2	3	3	1
Complete	Staff Conduct Standards Compliance	Limited	5	-	1	4	-	-
Complete	Menorah Foundation school	Limited	11	-	2	5	4	-
Complete	Bell Lane School	Limited	9	-	1	4	4	-
Complete	Registrars	Reasonable	7	-	-	3	4	-
Complete	Compulsory Purchase Orders and Emergency CHAPS Payments	Reasonable	3	-	-	2	1	-
Complete	Planning Service	Reasonable	4	-	-	2	1	1
Complete	Public Sector De-Carbonisation	Reasonable	3	-	-	2	1	-
Complete	Pension Contributions	Reasonable	2	-	-	2	-	-
Complete	Oakleigh School	Reasonable	6	-	-	5	1	-

Complete	Jewish Community Secondary School (JCoss)	Reasonable	7	-	-	5	2	-
Complete	St Michael's Catholic Grammar school	Reasonable	11	-	-	4	7	-
Complete	Wessex Gardens School	Reasonable	6	-	-	3	3	-
Complete	Woodcroft School	Reasonable	5	-	-	3	2	-
Complete	St Agnes' Catholic Primary School	Reasonable	5	-	-	2	3	-
Complete	Cyber Security - Third Party Security and Awareness	Exempt	-	-	-	-	-	-
Complete	Project Management Toolkit Awareness (replacement for Project Management Toolkit Compliance)	N/A	4	-	-	-	-	4
Complete	Transformation Programme Governance (Advisory) (Added to plan)	N/A	-	-	-	-	-	-
Complete	Supporting Families Programme – Payment by Results Q4	N/A	-	-	-	-	-	-
Complete	Biodiversity Grant	N/A	-	-	-	-	-	-
Total findings in Q4			104	0	7	52	37	6
Draft Report	Homes for Ukraine – Advisory review of processes	N/A						
Draft Report	Kickstart Programme	Reasonable						
Draft Report	Holy Trinity School	TBC						

Draft Report	National Non-Domestic Rates (NNDR)	TBC						
Draft Report	Building Control	TBC						
Draft Report	Pardes House Primary school	TBC						
Draft Report	Parking – PCN Debt Recovery & Write offs	TBC						
Fieldwork	Parking Contract Monitoring	TBC						
Fieldwork	Disabled Facilities Grant – Risk Based Audit of Processes	TBC						
Fieldwork	Integra & HR Core Replacements - Advisory	TBC						
Fieldwork	Adult Social Care (ASC) Reform Board - Advisory	TBC						
Fieldwork	Schools Estates Project - Advisory	TBC						
Fieldwork	Estates – Building Compliance	TBC						
Fieldwork	DLUHC Grant for Covid Vaccine Champions	TBC						
Fieldwork	Facilities Management – Management of Corporate Assets	TBC						
Fieldwork	Schools Capital Programme	TBC						
Fieldwork	IT Disaster Recovery	TBC						
Fieldwork	Brent Cross - Compliance with Grant conditions	TBC						

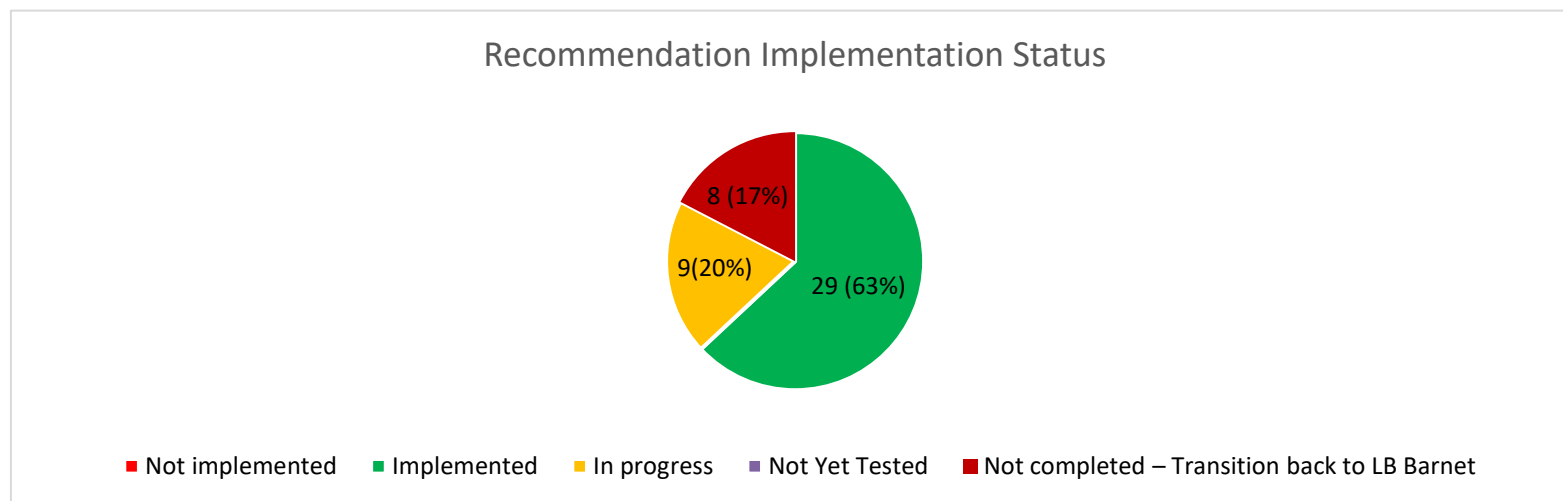
Fieldwork	EDI action plan delivery	TBC							
Fieldwork	Care Homes	TBC							
Fieldwork	Highways SPIRS - Advisory ADDED TO PLAN	TBC							
Planning	DSG Advisory Review - ADDED TO PLAN	TBC							
Planning (Fieldwork 2023 – 24)	Starters-Leavers-Movers (SLaM)	TBC							
Planning (Fieldwork 2023 – 24)	Sustainability: Flood Prevention and Electric Vehicle grants	TBC							
Planning (Fieldwork 2023 – 24)	Business Continuity	TBC							
Planning (Fieldwork 2023 – 24)	Mandatory Training	TBC							
Changes to the Plan									
Added	Biodiversity Grant								
Deferred	Trading Standards								
Cancelled	Financial Regulations Compliance								
Added at the request of the Section 151 Officer	DSG Advisory Review								

<p>Added - To provide assurance that there is no conflict on the agreement of the final balance / cost on Highways SPIRs before the service comes over from Re.</p>	<p>Highways – SPIRS - Advisory</p>								
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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 15 medium priority actions due by 31 March 2023. 29 actions are confirmed as implemented or closed, whilst a further 9 are in progress. 8 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 and date issued	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	1.1 We will review our processes to better understand critical data items. We will identify existing data gaps and define desired data quality thresholds,	Not Completed - Transition back to LBB No further work proposed until post transfer when revised deadline will be agreed with LBB.	Transformation Manager	31/03/2021 Then 31/1/2022 Then 31/3/2023	3
2.	Land Charges – Review of Planning Data Controls and Policies December 2020	1.2 We will define appropriate data quality metrics against which ongoing effectiveness can be assessed.	Not Completed - Transition back to LBB No further work proposed until post transfer when revised deadline will be agreed with LBB.	Transformation Manager	31/03/2021 Then 31/3/2022 Then 31/3/2023	3
3.	Land Charges – Review of Planning Data Controls and Policies December 2020	1.4 We will create a data directory that would provide clarity over which data items are essential versus nice-to-have.	Not Completed - Transition back to LBB No further work proposed until post transfer when revised deadline will be agreed with LBB.	Transformation Manager	31/03/2021 Then 31/1/2022 Then 31/3/2023	3
4.	Land Charges – Review of Planning Data Controls and Policies	1.6 We will review other data inputs that feed into the LLC process taking into consideration	Not Completed - Transition back to LBB No further work proposed until post transfer when revised deadline will be agreed with LBB.	Transformation Manager	31/03/2021 Then 31/1/2022	3

	December 2020	the implications from this audit.			Then 31/3/2023	
5.	Land Charges – Review of Planning Data Controls and Policies December 2020	1.8 Phase 3 of the action plan will be delivered, addressing critical data errors during 2021-22.	Not Completed - Transition back to LBB No further work proposed until post transfer when revised deadline will be agreed with LBB.	Transformation Manager	31/03/2022 Then 31/1/2022 Then 31/3/2023	3
6.	Land Charges – Review of Planning Data Controls and Policies December 2020	2.2 We will define data entry requirements and ensure they align with data quality policies.	Not Completed - Transition back to LBB No further work proposed until post transfer when revised deadline will be agreed with LBB.	Transformation Manager	31/03/2021 Then 31/01/22 Then 31/3/2023	3
7.	Land Charges – Review of Planning Data Controls and Policies December 2020	2.3 We will implement governance procedures to sustain data quality levels going forward, including formalised processes for updating data quality requirements as needed.	Not Completed - Transition back to LBB No further work proposed until post transfer when revised deadline will be agreed with LBB.	Transformation Manager	31/03/2021 Then 31/3/2022 Then 31/3/2023	3
8.	Land Charges – Review of Planning Data Controls and Policies December 2020	2.7 We will review priority records prior to 2017 to ensure CIL liabilities are correctly recorded. The	Not Completed - Transition back to LBB No further work proposed until post transfer when revised deadline will be agreed with LBB.	Transformation Manager	31/03/2021 Then 31/1/2022 Then 31/3/2023	3

		priority will be the critical data items in Appendix A i.e. the items identified by the Local Land Charges team to complete the LLC report both completely and accurately, which is noted by a circle in the 'Critical Data Flag' column.				
Strategic Director: Executive Director Children & Young People						
9.	Coppetts Wood School April 2022	Purchasing 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 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	In Progress – No further progress from Q3 The action has not been progressed as an SBM has still not been appointed to lead on implementation of the action. Implementation has also been hampered as all office staff had left the school in February 2023 and many posts still remain unfilled. The Executive Head Teacher has been notified of evidence requirement Internal Audit would expect to consider the actions closed. Revised Due Date: To be revisited 30 June 2023	Headteacher/School Business Manager/ Office and Catering staff/Finance assistant/ Governors	30 June 2022 Then 31/3/2023	2

		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.				
10.	Coppetts Wood School April 2022	Purchasing 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 record is kept of delivery to the school.	In Progress– No further progress from Q3 The action has not been progressed as an SBM has still not been appointed to lead on implementation of the action. Implementation has also been hampered as all office staff had left the school in February 2023 and many posts still remain unfilled. The Executive Head Teacher has been notified of evidence requirement Internal Audit would expect to consider the actions closed. Revised Due Date: To be revisited 30 June 2023	Headteacher/School Business Manager/ Office and Catering staff/Finance assistant/ Governors	30 June 2022 Then 31/3/2023	2
11.	Coppetts Wood School	Purchasing d) The school will approve a credit card	In Progress– No further progress from Q3	Headteacher/School Business Manager/	30 June 2022	2

	April 2022	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.	The action has not been progressed as an SBM has still not been appointed to lead on implementation of the action. Implementation has also been hampered as all office staff had left the school in February 2023 and many posts still remain unfilled. The Executive Head Teacher has been notified of evidence requirement Internal Audit would expect to consider the actions closed. Revised Due Date: To be revisited 30 June 2023	Office and Catering staff/Finance assistant/ Governors	Then 31/3/2023	
12.	Coppetts Wood School April 2022	Payroll c) Any overpayments to staff or former members of staff will be notified to the 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	In Progress – No further progress from Q3 The action has not been progressed as an SBM has still not been appointed to lead on implementation of the action. Implementation has also been hampered as all office staff had left the school in February 2023 and many posts still remain unfilled. The Executive Head Teacher has been	School Business Manager/External finance officer/Headteacher/ Governors	22 July 2022 Then 31/3/2023	2

		entries are recorded in the school accounts.	<p>notified of evidence requirement Internal Audit would expect to consider the actions closed.</p> <p>Revised Due Date: To be revisited 30 June 2023</p>			
13.	<p>Coppetts Wood School</p> <p>April 2022</p>	<p>Payroll</p> <p>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.</p>	<p>In Progress – No further progress from Q3</p> <p>The action has not been progressed as an SBM has still not been appointed to lead on implementation of the action. Implementation has also been hampered as all office staff had left the school in February 2023 and many posts still remain unfilled. The Executive Head Teacher has been notified of evidence requirement Internal Audit would expect to consider the actions closed.</p> <p>Revised Due Date: 30 June 2023</p>	<p>School Business Manager/External finance officer/Headteacher/ Governors</p>	<p>22 July 2022</p> <p>Then 31/3/2023</p>	2
14.	<p>St James Catholic High School</p> <p>December 2022</p>	<p>The school will comply with the scheme for financing schools. The school will seek guidance from the local authority and return funds to the local authority bank account for outstanding energy costs if this is the</p>	<p>In Progress – Substantial Progress</p> <p>The School Business Manager (SBM) confirmed on 27/01/2023 that £283,000 was transferred to the main bank account. Awaiting evidence to verify this.</p> <p>Revised Due Date: 30 April 2023</p>	<p>School Business Manager</p>	<p>31/01/2023</p>	1

		correct accounting treatment.				
15.	Brunswick Park School September 2022	<p>Purchasing 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 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</p>	<p>In Progress – Reasonable Progress</p> <p>The SBM has confirmed that LBB have increased the limit on the credit card for the school.</p> <p>Once the first credit card statement has been received and provided to Internal Audit with the new higher limit noted on the summary statement page, the action will be considered implemented.</p> <p>Revised Due Date: 30 April 2023</p>	School Business Manager/Executive Headteacher/Governors	30-Sep-22 Then 31/3/2023	2

the school credit card and proof of receipt of goods to school.

3.2.3 Outstanding medium priority actions

	Audit Title	Audit Date	Ref	Finding	Action	Responsible officer	Due date	Progress report for Audit Committee end Q4
1.	Premises, Licensing and Gambling May 2022	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	14 procedures have been updated as part of the revision of all Policies and Procedures (total 179) in priority order. To complete the update of all gambling procedures Revised due date: 1 July 2023
2.	Premises, Licensing and Gambling May 2022	30/05/2022	5b	Policies and Procedures – Documentation and Version Control	b) Management will complete the review of all the procedures and update them accordingly.	Group Manager: Regulatory Services	31/08/2022	50 procedures have been updated as part of the revision of all Policies and Procedures (total 179) in priority order. To complete the update of all procedures Revised due date: 31 July 2023

3.3 Completed actions

3.3.1 During this period we followed up 16 critical and high priority and 13 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.	Danegrove Primary School June 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.	Bursar/School Business Manager/Headteacher/Governors	31 May 2021 Then 30 April 2022 Then 30 September 2022 Then 31 March 2023
2.	Danegrove Primary School June 2021	4.3 The school will calculate the cost of paying casual staff employed for the school after-school playscheme during the period when no income was received by the school, as the playscheme was closed.	Bursar/Headteacher/ Governors	30 June 2021 Then 30 April 2022 Then 30 September 2022 Then 31 March 2023
3.	Danegrove Primary School June 2021	5.2 The school will complete monthly salary monitoring to comply with the financial guide for schools.	Bursar/Headteacher/ Governors	30 June 2021 Then April 2022 Then 30 September 2022 Then 30 September 2022 Then 31 March 2023

4.	Danegrove Primary School June 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.	Bursar/School Business Manager/Headteacher/Governors	23 July 2021 Then 30 April 2022 Then 30 September 2022 Then 31 March 2023
5.	Danegrove Primary School June 2021	6.5 Information to support the grant claim under the Coronavirus Job Retention Scheme will be filed.	Bursar/School Business Manager/Headteacher/Governors	23 July 2021 Then 30 April 2022 Then 30 September 2022 Then 31 March 2023
6.	Danegrove Primary School June 2021	6.7 The school will complete monthly salary monitoring to comply with the financial guide for schools.	Bursar/School Business Manager/Headteacher/Governors	23 July 2021 Then 30 April 2022 Then 30 September 2022 Then 31 March 2023
7.	Local Land Charge output review August 2022	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 documented in a process note.	Finance Manager - Resources, LBB Group Manager – Private Sector, Housing & Local Land Charges, Re	30 September 2022 Then 31 October 2022 Then 31 March 2023

8.	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.	Finance Manager - Resources, LBB Group Manager – Private Sector, Housing & Local Land Charges, Re	30 September 2022 Then 31 October 2022 Then 31 March 2023
9.	Land Charges - Review of Planning Data Controls and Policies December 2020	1.3 We will define and implement a strong data governance framework that can be applied across Council services to sustain data quality, ensuring existing policies such as the Data Quality Standard are embedded within teams. This should include: a) A vision and strategy including objectives and priorities b) An operating model including defined roles and responsibilities c) Change management including communication, awareness and training d) Monitoring including metrics and KPIs.	Head of Organisational Insight & Intelligence	31 March 2021 Then 31 October 2021 Then 31 March 2022 Then 30 September 2022 Then 31 March 2023
10.	Land Charges - Review of Planning Data Controls and Policies December 2020	2.6 We will develop a communication plan to present and share data quality initiatives and sustaining activities between the different teams.	Head of Organisational Insight & Intelligence	31 March 2021 Then 31 October 2021 Then 31 March 2022 Then 30 September 2022 Then 31 March 2023
11.	St James Catholic High School December 2022	1c. The school will seek to resolve the position with the suppliers of heating as soon as possible so that regular payment of bills for energy used can be resumed.	School Business Manager/ Headteacher/Governors	31 March 2023
12.	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.	Group Manager: Regulatory Services - Regulatory Services	30 August 2022 Then 30 December 2022

				Then 31 March 2023
13.	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.	Group Manager: Regulatory Services - Regulatory Services	30 August 2022 Then 30 November 2022 Then 31 March 2023
14.	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.	Group Manager: Regulatory Services - Regulatory Services	30 August 2022 Then 30 November 2022 Then 31 March 2023
15.	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.	Group Manager: Regulatory Services - Regulatory Services	30 August 2022 Then 30 November 2022 Then 31 March 2023
16.	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	Group Manager: Regulatory Services - Regulatory Services	30 August 2022 Then 30 November 2022 Then 31 March 2023

3.3.3 Completed medium priority actions

	Audit Title	Audit Date	Ref	Finding	Action	Responsible officer	Due date
1.	Commercial Rents and Leases Renewal Audit	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 Then 31/3/2023
2.	Commercial Rents and Leases Renewal Audit	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 Then 31/3/2023

3.	Commercial Rents and Leases Renewal Audit	12/08/2022	8a	Process and Procedures:	<p>The Rent Review by Contractor CSG and Rent Review In-House CSG Estates processes will be formalised and version-controlled as appropriate.</p> <p>Note: Action closed as Partly Implemented and Head of Property and Portfolio Management confirmed the final actions no longer a priority pre-transfer</p>	CSG Head of Property Services and Valuation	31/8/22 Then 31/12/22 Then 31/3/2023
4.	Commercial Rents and Leases Renewal Audit	12/08/2022	8b	Process and Procedures:	<p>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 experienced staff leave the team.</p> <p>Note: Action closed as Partly Implemented and Head of Property and Portfolio Management confirmed the final actions no longer a priority pre-transfer</p>	CSG Head of Property Services and Valuation	30/09/2022 Then 31/12/22 Then 31/3/2023

5.	Parking - PCN Cancellations 2019-20	15/09/2021	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.	Assistant Director, Parking	31/10/2021 Then 30/6/22 Then 31/12/22
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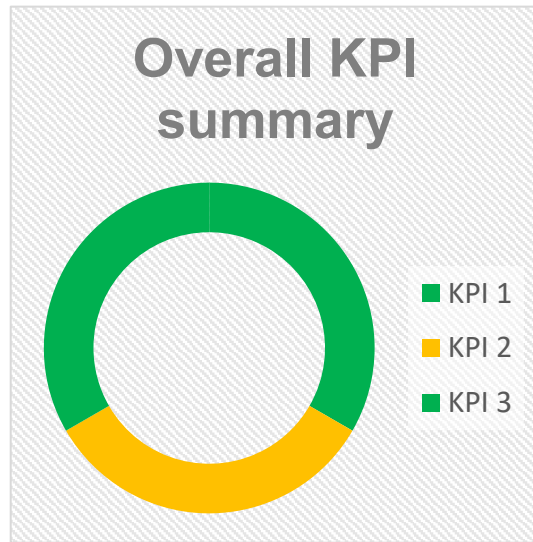
6.	Public Sector Equality Duty compliance	Q1 2019/20	1b	<p>The following issues were noted:</p> <ul style="list-style-type: none"> • The Public Sector Equality Duty (PSED) states that equalities objectives should be updated at least every four years. • A comparison of the indicators agreed at Cabinet Resources Committee on 24 June 2013 to the Equalities Annual Report and the Cumulative Equalities Impact Assessment (CEIA) shows that the vast majority of the indicators agreed are not directly reported on. • Some of the measures (particularly those agreed at delivery unit level) are not detailed enough about baselines, proposed outcomes and measurement criteria to allow progress against them to be reported against. • The Annual Equalities Report includes an Equalities Action Plan. We noted that there is no reporting on the outcome of the prior year action plan, meaning that it is not possible to use this as a means of tracking compliance with the PSED. 	<p>A regular (at least four yearly) review of the Council's SEO and supporting indicators will be scheduled and responsibility for this task clearly allocated. This should ideally form part of the Council's corporate planning cycle</p>	<p>Head of Performance and Risk</p>	<p>Q1 2019/20 Then 31/3/23</p>
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7.	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.	Regulatory Services Director	30/08/2022 Then 31/10/22 Then 31/3/23
8.	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.	Regulatory Services Director	30/08/2022 Then 31/12/22 Then 31/3/23
9.	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 correctness of the process.	Regulatory Services Director	30/08/2022 Then 31/12/22 Then 31/3/23
10.	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.	Regulatory Services Director	30/07/2022 Then 31/12/22 Then 31/3/23

11.	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.	Regulatory Services Director	30/07/2022 Then 31/12/22 Then 31/3/23
12.	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'.	Regulatory Services Director	30/06/2022 Then 31/12/22 Then 31/3/23
13.	Premises, Licensing and Gambling	30/05/2022	5c	Policies and Procedures – Documentation and Version Control	c) Management will document roles and responsibilities in the current Premises, Licensing and Gambling operation.	Regulatory Services Director	31/08/2022 Then 31/1/23 Then 31/3/23

Appendices

Appendix A: Key performance indicators (KPIs)



KEY:

Fully Achieved

Partially Achieved

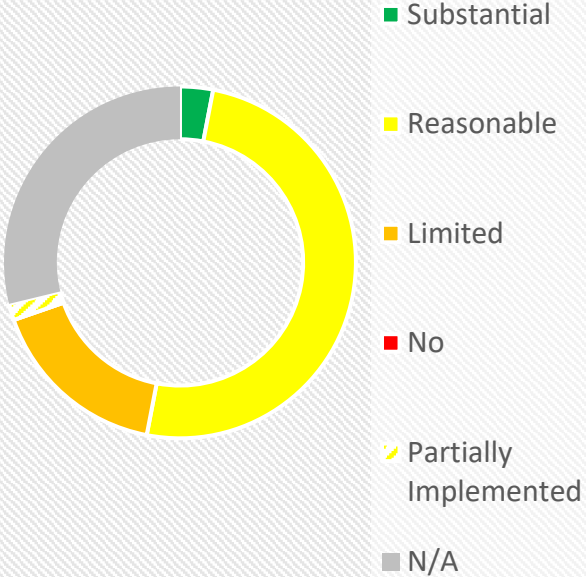
Not Achieved

N/A

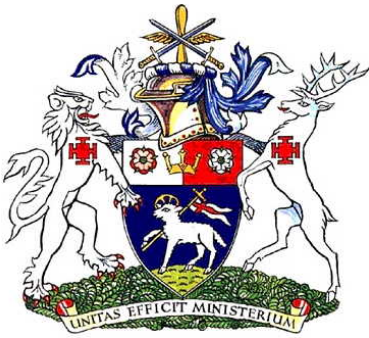


KPI	Target	Results	Comment										
1. % of Plan delivered	Q1 to Q4 March ending Cumulative 90%	91%	<p>Work in progress is incorporated as follows:</p> <table border="1"> <tr> <td>Not Started</td> <td>0%</td> </tr> <tr> <td>Planning</td> <td>20%</td> </tr> <tr> <td>Fieldwork</td> <td>50%</td> </tr> <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 91% of our plan for the year against a Q4 target to end of March of 90%.</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%	63%	<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>3% 50% 17% 0% 2% 0% 29%</p>	
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Audit Committee

26th April 2023

Title	Internal Audit & CAFT Plan 2023/24
Report of	Executive Director of Assurance Head of Internal Audit Assistant Director Counter Fraud, Community Safety & Protection
Wards	N/A
Status	Public
Urgent	No
Key	Yes
Enclosures	Appendix A - Internal Audit & CAFT Plan 2023/24
Officer Contact Details	Caroline Glitre, Head of Internal Audit caroline.glitre@barnet.gov.uk 020 8359 3721

Summary

The Internal Audit Plan has been formulated in consultation with the Council Management Team and with reference to the Council's risk registers.

Progress on the delivery of the plan will be given to the Audit Committee at each meeting during 2023-2024.

Recommendations

1. That the Committee approves the Internal Audit and CAFT Annual Plan for 2023/24 as highlighted in appendix A

1. WHY THIS REPORT IS NEEDED

- 1.1 The Audit Committee's role in receiving the Internal Audit Plan for 2023-24 is to consider and approve the planned programme of work.

2. REASONS FOR RECOMMENDATIONS

- 2.1 Compliance with the Public Sector Internal Audit Standards.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Not relevant.

4. POST DECISION IMPLEMENTATION

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

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 All internal audit planned activity is aligned with the Council's objectives set out in the Corporate Plan 'Our Plan for Barnet 2023 – 2026'.

- 5.1.2 A comprehensive Internal Audit Plan is essential to giving an annual Internal Audit Opinion on the internal control environment (ICE) which is fundamental for the achievement of all of the Council's objectives. This opinion forms an integral element of the Annual Governance Statement.

- 5.1.3 The Council has a responsibility to protect the public purse through proper administration and control of the public funds and assets to which it has been entrusted.

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

- 5.2.1 This Plan, by being based on the risks of the organisation, will ensure the appropriate allocation of resources to those areas that require audit review and assurance.

- 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 & CAFT's current budget.

5.3 Social Value

- 5.3.1 None in the context of this decision

5.4 Legal and Constitutional References

- 5.4.1 The Council's Constitution (Article 7) sets out the terms of reference for Committees. The responsibilities for the Audit Committee include providing "independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment and to oversee the financial reporting process.
- 5.4.2 The Council also has a duty under section 3 of the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk. Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 requires 'an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts (England)'.

5.5 Risk Management

- 5.5.1 The Plan is based upon the risks of the organisation and supports the Council's risk management system and processes as each internal audit or pro-active anti-fraud exercise will either comment on how well risks are being managed or how effective the controls to mitigate the risks in the area under review are.
- 5.5.2 Outcomes from internal audits will either confirm effective management of risk or suggest areas for improvement. In addition, this will provide Directors with assurances that managers are being effective in managing the risks within the service.
- 5.5.3 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

N/A

Internal Audit and Anti-Fraud Strategy and Annual plan 2023-2024

Clair Green – **Executive Director of Assurance**

Caroline Glitre - **Head of Internal Audit**

Declan Khan – **Assistant Director Counter Fraud,
Community Safety & Protection**

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Introduction - April 2023

During 2022/23, we have seen audit delivery returning towards 'business as usual', albeit being undertaken more remotely than before the pandemic as the technology available now supports this.

By year end, we were able to report that we have delivered 91% of the planned work programme, against the target of 90% by 31st March.

The plan for 2023/24 incorporates:

- Completion of ongoing work on the 2022/23 audit plan (estimated at 35 audit days)
- 2023/24 planned audits (estimated remaining available allocation of 965 audit days)

The number of audit days available in total (1000) has reduced compared to the prior year (1050 days) due to the insourcing of Re from Capita. Audits of Capita services are funded by them, which previously meant that more audit days were available overall.

As in previous years, we have included contingency days in the plan to enable us to be responsive to changes in risks throughout the period, offering responsive advice and support to other services when they need it.

In particular in 2023/24, we will need to continue to respond to the outcome of the decision to end the Capita contracts and changes to how Council services are delivered.

In line with the Council's Corporate Plan 2023-2026, '**Caring for people, our places and the planet**', our reviews will consider whether council services are easily accessible to all and that every time residents contact the council they have a good experience. This will be a theme underpinning the plan and will be picked up as a scope area in appropriate audits throughout the year e.g. Temporary Accommodation.

In line with the requirements of the Public Sector Internal Audit Standards (PSIAS), I confirm that in my view I have sufficient resources available to deliver an appropriate risk-based Internal Audit plan.

Caroline Glitre

Head of Internal Audit

April 2023

Completion of 2022/23 plan

Directorate	Status at end of Q4 2022/23	Audit Title	Joint with CAFT?	Est. days to completion*
Completion of all audits that were underway as at the end of Q4 of 2022/23.				
*Audits marked with an asterisk are being delivered by our co-sourced partner. In those cases the substantive audit days are covered by the 2022/23 budget and therefore only the LBB internal review days are included as part of the carry forward calculation				
Adults & Health	Fieldwork	Care Homes		4
Children & Families	Fieldwork	Schools Capital Programme*		1
Customer & Place	Draft Report	Parking - PCN Debt Recovery and Write Off	Y	3
Customer & Place	Fieldwork	IT Disaster Recovery*		1
Customer & Place	Fieldwork	Parking Contract Monitoring		4
Customer & Place	Fieldwork	Brent Cross - Compliance with Grant Conditions		5
Customer & Place	Draft Report	Building Control*		1
Customer & Place	Fieldwork	Facilities Management – Management of Corporate Assets		3
Customer & Place	Fieldwork	Estates - Building Compliance*		1
Customer & Place	Fieldwork	Schools Estates Project – Advisory		4
Strategy & Resources	Draft Report	National Non-Domestic Rates (NNDR)*	Y	1
Cross Cutting	Fieldwork	Disabled Facilities Grant - Risk Based Audit of Processes	Y	5
Cross Cutting	Draft Report	Contract Management Toolkit compliance		2
TOTAL				35

2023/24 plan

Directorate	Provisional Audit Title	Risk Register reference if applicable*	Joint with CAFT?	Provisional audit days
Adults & Health	Client Affairs		Y	15
Adults & Health	Social Care Reform – Care Quality Commission (CQC) Inspection Preparedness	AD029 – Social Care Reform Compliance		20
Adults & Health	Direct Payments (18-25)	AC013 - Fraud	Y	15
Adults & Health	Disabled Facilities Grant (DFG) certification		Y	5
Assurance	Records Retention and Destruction	AS005 - Records not destroyed in line with legislation (retention)		15
Assurance	Business Continuity (Deferred from 2022-23)	ASS021 - Council services disruption		15
Assurance	Community safety			15
Assurance	Private Sector Landlords - licensing of Houses in Multiple Occupation (HMOs)	RE004 - Unsafe/ unhealthy living accommodation in private rented sector	Y	20

*Risk registers were reviewed as part of the process for pulling the Internal Audit plan together. In some cases, this is the rationale for why an audit is included in the plan. In other cases, it will be because the audit is of something that has not recently been included on the audit plan or there is a central government requirement to undertake the work.

2023/24 plan cont.

Directorate	Provisional Audit Title	Risk Register reference if applicable*	Joint with CAFT?	Provisional audit days
Children & Families	Schools Capital programme	ES010 and ES011 – Primary and Secondary School places		10
Children & Families	Finance & HR - support provided to schools	ES017 - School budget pressures ES031 - Impact on the council's budget of individual schools being in deficit		15
Children & Families	Supporting Families	STR006 – Strengthening Children's safeguarding		20
Children & Families	Children's Direct Payments		Y	15
Children & Families	Schools Audits			100

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2023/24 plan cont.

Directorate	Provisional Audit Title	Risk Register reference if applicable*	Joint with CAFT?	Provisional audit days
Customer & Place	Sustainability Strategy	STR008 – Environmental sustainability C&P006 – Achieving net zero		15
Customer & Place	Brent Cross	C&P002 - Affordability of BXC (Brent Cross West and associated Critical Infrastructure project)		15
Customer & Place	Capital Programme - business cases / benefits	STR028 - Affordability of Capital Programme		15
Customer & Place	Community Infrastructure Levy (CIL) & S106 income	C&P008 - Effective utilisation of S106 Income C&P080 - Economic Downturn – CIL receipts	Y	15
Customer & Place	Building Safety Act – preparedness	C&P009 - Engagement with housing sector on fire safety RE030 - Resourcing Building Safety Act changes		15
Customer & Place	Temporary Accommodation	TBG001 – Increased demand for temporary accommodation TBG002 - Health, safety and compliance issues	Y	15
Customer & Place	Bus Subsidy Grant			3
Customer & Place	Electric Vehicles grant (Deferred from 2022-23)	STR008 – Environmental sustainability		10
Customer & Place	Flood Prevention grant (Deferred from 2022-23)	RE013 - Flood Risk Management		10
Customer & Place	Highways SPIRs - Advisory	C&P077 - Return of RE services		5
Customer & Place	Re Services post-transfer	C&P077 - Return of RE services		15
Customer & Place	Procurement	C&P081 – Non-compliant contracts		15

*Risk registers were reviewed as part of the process for pulling the Internal Audit plan together. In some cases, this is the rationale for why an audit is included in the plan. In other cases, it will be because the audit is of something that has not recently been included on the audit plan or there is a central government requirement to undertake the work.

2023/24 plan cont.

Directorate	Provisional Audit Title	Risk Register reference if applicable*	Joint with CAFT?	Provisional audit days
Strategy & Resources	Starters-Leavers-Movers (Deferred from 2022-23)			12
Strategy & Resources	Dedicated Schools Grant (DSG) - Advisory	ES023 - Overall schools budget (DSG) overspends		15
Strategy & Resources	Budget Forecasting & Finance Business Partnering	STR017 – Revenue overspend		15
Strategy & Resources	Purchase Card Policy Compliance		Y	15
Strategy & Resources	Housing Benefits	STR018 - Funding uncertainty due to reduction in local taxation income	Y	15
Strategy & Resources	Payroll		Y	15
Strategy & Resources	ORACLE Project - ongoing Advisory support	C&P075 – Contract transition (CSG) – AP / Payroll / HRCore	Y	15
Strategy & Resources	Treasury Management Strategy - Investment Compliance and Borrowing	RCS003 - Portfolio exposure RCS004 – Treasury Investment		15

*Risk registers were reviewed as part of the process for pulling the Internal Audit plan together. In some cases, this is the rationale for why an audit is included in the plan. In other cases, it will be because the audit is of something that has not recently been included on the audit plan or there is a central government requirement to undertake the work.

2023/24 plan cont.

Directorate	Provisional Audit Title	Risk Register reference if applicable*	Joint with CAFT?	Provisional audit days
Public Health & Prevention	Data Maturity follow-up		Y	15
Public Health & Prevention	DLUHC Covid Champions Grant – Outcomes			5
Public Health & Prevention	Substance Misuse Grant			5
Cross-Cutting	Equality, Diversity & Inclusion (EDI) Action Plan (Deferred from 2022-23)	RCS007 - Lack of diversity in the workforce RCS016 - Compliance with Equality Duty		15
Cross-Cutting	Mandatory Training (Deferred from 2022-23)			15
Cross-Cutting	Risk Management			15
Cross-Cutting	Transformation Programme - review of sample of Projects / Workstreams	STR009 – Unmet customer expectations		20
Cross-Cutting	Performance Management Framework			30

*Risk registers were reviewed as part of the process for pulling the Internal Audit plan together. In some cases, this is the rationale for why an audit is included in the plan. In other cases, it will be because the audit is of something that has not recently been included on the audit plan or there is a central government requirement to undertake the work.

2023/24 plan cont.

	Provisional audit days
Follow-Ups of previous audit actions	100
Contingency	200
Total Days Completion of 2022/23 plan	35
Total Days 2023/24 plan	665
TOTAL	1000

2023/24 Joint Internal Audit & CAFT reviews - summary

Directorate	Provisional Audit Title
Adults & Health	Client Affairs
Adults & Health	Direct payments (18-25)
Adults & Health	Disabled Facilities Grant (DFG) certification
Assurance	Private Sector Landlords - Licensing of Houses in Multiple Occupation (HMOs)
Children & Families	Children's Direct Payments
Customer & Place	Community Infrastructure Levy (CIL) & S106 income
Customer & Place	Temporary Accommodation
Public Health & Prevention	Data Maturity follow-up
Strategy & Resources	Purchase Card Policy Compliance
Strategy & Resources	Housing Benefits
Strategy & Resources	Payroll
Strategy & Resources	ORACLE Project - ongoing Advisory support

Anti Fraud Strategy and approach

Fraud remains the most common crime in England and Wales. It costs the UK hundreds of billions each year and generates countless amounts of misery for its victims. Our annual anti-fraud strategy remains aligned with the strategic approach as outlined in 'Fighting Fraud and Corruption Locally' ([Fighting Fraud and Corruption locally strategy](#)) and provides a blueprint for a tougher response to public sector tackle fraud.

The principles of our strategy remain the same as previous years including the six themes as detailed within the updated 2020 FFL (**Culture, Capability, Capacity, Competence, Communication and Collaboration**).

We have adapted our strategy and approach to incorporate a response to these themes as well as consideration of local fraud risks facing the Council alongside horizon scanning on emerging national fraud risks and relevant good practice guidance. Our strategy further demonstrates and supports the Council's commitment to a zero tolerance approach to fraud, corruption, bribery and other irregularity including any Money Laundering activity.

Our strategy and approach is underpinned by the Counter Fraud Framework Manual documents and the work of the CAFT as set out in this annual work plan. It remains the policy of this Council that only the CAFT may investigate allegations or suspicions of fraud, corruption or bribery committed against the London Borough of Barnet and subsidiary holdings such as Barnet Group.

Additionally CAFT are the only authorised Council service to conduct financial investigations under the Proceeds of Crime Act on behalf of all Council Services (and subsidiary holdings) and to further investigate individuals who are suspected of money laundering against the London Borough of Barnet, whether it be internally or externally.

We consider that all of the above fall into 5 key areas and each of these is vital in the delivery of a holistic anti-fraud strategy and an effective service delivery. These key areas are **Govern, Acknowledge, Prevent, Pursue and Protect** and are expanded on in the next page.

Anti-fraud strategy and approach cont...

Govern	Acknowledge	Prevent	Pursue	Protect
<p>Having a zero tolerance culture through out the council</p>	<p>Acknowledging and understanding fraud risks</p>	<p>Preventing and detecting fraud to protect the councils resources</p>	<p>Being stronger in punishing fraud and recovering losses</p>	<p>Protecting the council and its residents</p>
<p>↓</p> <ul style="list-style-type: none"> • Having robust arrangements and Executive Support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation 	<p>↓</p> <ul style="list-style-type: none"> • Assessing and understanding fraud risks • Committing support and resource to tackling fraud and corruption • Demonstrating a robust anti-fraud response • Communicating the risk to those involved with Governance 	<p>↓</p> <ul style="list-style-type: none"> • Making the best use of information and technology • Enhancing fraud controls • Developing a more effective anti-fraud culture • Communicating CAFT activity and its successes 	<p>↓</p> <ul style="list-style-type: none"> • Prioritising fraud recovery and the use of civil sanctions • Developing capability and capacity to punish offenders • Collaborating across geographical and sectoral boundaries • Learning lessons and closing the gaps • Conduct a borough wide key amnesty to raise awareness of offences, to seek referrals and to recover social housing in the wrong hands 	<p>↓</p> <ul style="list-style-type: none"> • Recognising the harm that fraud can cause in the community • protecting public funds, protecting the council from fraud and cyber-crime and also protecting the council from future frauds • Working in partnership with National Fraud Intelligence Bureau to communicate up to date Fraud risks and themes

Anti-Fraud communications Strategy

This year we continue to build upon our communications strategy which envisages increasing CAFT's impact and effectiveness by aligning with the strategic approach set out in the Local Government Fraud Strategy 'Fighting Fraud Locally'.

Our communications strategy is an essential instrument that we envisage will increase CAFT visibility across the organisation and the Borough. We aim to increase awareness around CAFT policies and channels through which concerns and incidents can be reported as well as emphasize the responsibility of staff on making reports and enable residents to report any suspicions or incidents of fraud or wrongdoing.

Assessing and understanding fraud risks - It is fundamental for staff and residents to understand the role of CAFT, different types of fraud and through which channels they can report any concerns or incidents of fraud.

- The **internal awareness campaign** and **face to face fraud risk awareness** sessions aim to increase fraud understanding between staff and their ability to detect fraud. In addition, it is important to emphasise their responsibility as council employees/partner employees regarding reporting fraud and abide with the new fraud policies. This will also include relaunching and a phased delivery of e-learning campaign.

- The **external campaign** will be targeted to residents across the council and will aim to increase awareness around fraud and the different ways they can report any concerns. Specific themes of communication around fraud risks will be promoted throughout the year.

Preventing and detecting fraud – A close relationship is being established between CAFT and the National Fraud Intelligence Bureau to enable key word searching to identify fraud offences targeting the public purse in Barnet that have been reported to Action Fraud but not disseminated to LBB. This will also enable the raising of awareness to the residents and businesses in Barnet through external communication. More efficient use of the NFI Hub will identify fraud related offending without waiting for the NFI every second year.

Being stronger in punishing fraud and recovering losses – Through the campaign we will be able to deliver the message that fraud does not pay and that we will punish and recover losses within the full force of our ability and the law (where relevant), our policies and authority. By successfully getting staff and residents on board a stronger response to fraud will be delivered. Different stakeholders will support CAFT's work by understanding and identifying fraud and being more empowered to actively condemn fraud themselves through operating within an anti-fraud environment.

In order to support the communications strategy we will devise a detailed targeted delivery plan for the year.

CAFT work streams

Description of work
Corporate Fraud
<p>To investigate all suspected frauds committed against the Council and effectively pursue fraudsters, by risk assessing and reacting accordingly to all instances of internal and external fraud, corruption or bribery. This work will cover all council services and subsidiary holdings such as Barnet Group. We continue to offer advice and assistance to colleagues and other services, on particular issues and/or fraud awareness. This covers staff fraud investigations (including where appropriate working closely with HR to support disciplinary offences) and also external fraud attacks on council services and finances.</p> <p>Internal Audit and CAFT are committed to the managed audit approach, which is demonstrated through the number of joint Audit and Fraud reviews listed throughout the workplan. Additionally, any suspected or significant controls weaknesses or fraud risks that are identified throughout the year (and/or as a result of a fraud investigation) are added to the plan as a joint review.</p>
Tenancy Fraud
<p>To effectively deal with the prevention, detection, deterrence and investigation (and prosecution where appropriate) of all aspects of Tenancy Fraud (application, sub letting, not resident, succession and right to buy fraud) including maximising the recovery of properties where Tenancy Fraud is proven with a target of at least 60 recovered properties set for 2021/22. Further to that, CAFT will aim to recover all available costs and losses suffered by the council due to tenancy fraud. This includes funds recovered via Proceeds of Crime with a view to replenishing the HRA with these funds</p> <p>We will deliver at least four intelligence led pro-active anti fraud drives as well as work to support Barnet Homes exercises throughout the year. with the aim to tackle tenancy fraud issues in our borough, this will include a key amnesty and data matching exercises with Barnet Homes</p>
Concessionary Travel Fraud
<p>To investigate all suspected frauds relating to Concessionary Travel including, Blue Badge misuse, Freedom pass fraud, Resident Parking and all frauds relating to applications for these concessions which are committed against the Council and effectively pursue the fraudsters.</p> <p>We will deliver at up to eight intelligence led joint (with the Met Police and NSL parking) street operations as well as other on-going intelligence led pro- active work to tackle Blue Badge Misuse / Fraud in our Borough. These will be spread across the year to identify trends in these fraud types and enable successful intelligence pictures to be developed.</p>

CAFT work streams continued

Description of review

Financial Investigations

To initiate Financial investigations under the Proceeds of Crime Act in relation to all frauds (where appropriate) to ensure that any person's subject to a criminal investigation by Barnet do not profit from their criminal action. We will also continue to provide this service to other local authorities on a commercial basis.

Cabinet Office - National Fraud Initiative (NFI)

The NFI is a national public sector data matching exercise which requires the upload of council data on a two year cycle. Data uploads took place in October 2022 and matches have been received in February 2023 for review, risk assessment and/or investigation. These will form part of this years and next years proactive work program and be used to assist in focusing joint work with Audit.

CAFT will co-ordinate this exercise for the Council and investigate related referrals. Data sets include areas such as Disabled Blue Badge, Parking Permits, Direct Payments, Procurement data, Pensions and Payroll as well as data from Barnet Homes.

Access and training has been secured to the NFI Fraud Hub to enable regular data matching across numerous fields to identify fraud without waiting for the biannual NFI. CAFT will work with other councils who are members of the Fraud Hub to identify new trends and develop preventative measures and pro-active exercises through the Fraud Hub.

Parking Fine Appeals

Previous investigative evidence has demonstrated that there have been a number of cases of parking appeals being made fraudulently, which have not been highlighted under the current methodology.

CAFT will continue to co-ordinate a data matching exercise to verify that the appellants with the highest volume of successful appeals have not been making them on fraudulent grounds.

CAFT work streams continued

Description of review

Internal data matching and use of analytics

To initiate internal data matching in order to develop more data led pro-active investigations and allow CAFT to have a greater ability to investigate and adopt a preventative measures approach to a number of council services

Fraud Awareness Training

CAFT will provide a council wide, service bespoke, fraud awareness training package which allows both the ability to add to the council's zero tolerance culture and also raises the profile of the department across the organisation allowing for a more effective and wide ranging variety of investigations to be undertaken. Over the last year the spread of fraud across different council services has increased, more services are highlighting possible fraud that they did previously. The training will build on this awareness.

CAFT will work with services areas to identify fraud risk and then develop training to enable staff to highlight potential fraud and bribery & corruption at an early stage. Each service area will receive a number of training sessions at different times throughout the year to ensure that there are opportunities for all staff to attend.

The training will use real-life case studies of fraud within Barnet and other local authorities to show how fraud can occur and how to find red flags using an ethos of 'Spot It, Report It, Stop It'.

Background - General

Corporate Objectives

This strategy and plan demonstrate how Internal Audit and the Corporate Anti-Fraud Team (CAFT) support the Council in achieving its overall aims and objectives whilst maintaining the necessary professional standards.

The Council's Corporate Plan 2023-2026, '**Caring for people, our places and the planet**', identifies three pillars:

- **People** (Tackling inequalities; Reducing poverty; Family Friendly; Living well)
- **Places** (Safe, attractive neighbourhoods and town centres; Quality, affordable homes; Borough of Fun)
- **Planet** (Journey to Net Zero; Enhancing the local environment; Enhancing green spaces)

Underpinned by a foundation of an:

- **Engaged and Effective Council** (Community participation; Neighbourhood working; Improving access to services; A great place to work; Working in partnership; Financially responsible)

These priorities and considerations will be supported by each audit and all CAFT work, as applicable.

Officer and Management Responsibilities

For Internal Audit and CAFT to contribute to the Council's overall achievement of its objectives, it is essential that officers and management play a full role in the assurance work undertaken. The expectations from management are:

- Strategic level involvement to inform the annual plan;
- Operational level involvement with individual reviews;
- Being open and honest with audit and CAFT staff;
- Making staff and records available when requested;
- Responding to draft reports in the agreed timescale;
- Only accepting recommendations with which they agree, and providing timescales for implementation that are achievable; &
- Implementing the agreed actions (by the agreed date) arising from the reviews.

The responsibility for a sound system of internal control and the prevention and detection of fraud rests with management. Work performed by Internal Audit and CAFT should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Those risks identified and recommendations raised should be considered in line with the Council's current Risk Management Framework.

Background - Internal Audit

Internal Audit

Internal Audit provide independent and objective assurance to the Council, its Members, the Council Management Team (including the S151 Officer) to support them in discharging their responsibilities under S151 of the Local Government Act 1972, relating to the proper administration of the Council's financial affairs.

Internal Audit ensure a positive culture of internal control improvement, effective risk management and good governance. The purpose, authority and responsibility of the internal audit activity are formally defined in the Internal Audit Charter, which will be periodically reviewed and presented to senior management and the Audit Committee for approval. Internal audit will be delivered and developed in accordance with this Charter.

Internal Audit Service Provision

The Internal Audit service is delivered through a mixed economy model, which includes an in house team and two external providers, currently PwC and 180 Advisory.

Barnet is the lead borough on the Cross Council Assurance Service (CCAS), having run the procurement exercise to award the CCAS Framework contract from 1st April 2020 for the provision of internal audit, risk management, anti-fraud and advisory services. We work closely with numerous other London Boroughs (including Barking & Dagenham, Enfield, Hammersmith & Fulham, Royal Borough of Kensington & Chelsea, Lambeth, Waltham Forest and Westminster), as well as other authorities nationally.

The vision for CCAS is to support participating boroughs in creating an optimised assurance service that enables each organisation to manage risk more effectively, improve service agility and the ability to deliver more for less.

Being a part of this framework enables us to:

- work more closely with a number of other London Boroughs and public sector bodies nationally, sharing expertise, knowledge and working practices to further enhance the efficiency and effectiveness of the service;
- develop an Internal Audit Pathway, recruiting new apprentices into our teams and providing training and career development support for our current team members;
- develop a platform to harmonise working practices and audit processes and enhance the skills and capacity of the in house teams to deliver a greater proportion of internal audit work and to share audit activity and resource planning;
- develop our Data Analysis skills; and
- provide income to Barnet via a 1% contract management fee.

Managed Audit Approach

Internal Audit and CAFT are committed to the managed audit approach, which ensures joining up with External Audit to make the best use of resources and to avoid duplication of effort

Background – CAFT

Corporate Anti-Fraud Team (CAFT)

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 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 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. Throughout the past 12 months the Council has had to adapt the way that its employees work and this present an opportunity to strengthen the anti fraud culture, and we aim to progress this with anti fraud awareness and communications campaigns, including the relaunch of our e-learning programme as well as bespoke face to face fraud risk workshops, in addition we will continue to work jointly with relevant services including internal audit on improving internal controls.

We remain committed to closer collaboration with Internal Audit as demonstrated through this plan, including conducting joint reviews, through intelligence and utilising data from the National Fraud Initiative exercise, to ensure that we have a risk based approach to inform audit reviews and targeted sampling.

Work processes are designed for compliance with legislation and best practice as well as maximum efficiency.

The team is structured so as to support the following work streams:- **Corporate Fraud** (which includes Staff Fraud as well attacks on the public purse from external sources), **Concessionary Travel Fraud** (which includes Application fraud, Blue Badge Fraud and Misuse as well as Freedom Pass Fraud Investigations), **Tenancy Fraud** (which includes Housing Needs, Subletting, Right to Buy and Succession fraud) and **Financial Investigations** in accordance with the **Proceeds of Crime Act**. We continue to review all fraud related policies, working procedures and processes to ensure that they reflect best practice and legislative requirements, whilst contributing to the to the overall objectives of the team and that we are efficient, effective and provide value for money.

We believe that CAFT continue to provide an efficient value for money counter fraud service and that is able to investigate all referrals or data matches to an appropriate outcome. CAFT also 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 asset recovery are taken. It is this element of the work of CAFT that is hard to quantify statistically.

Performance Indicators - Internal Audit

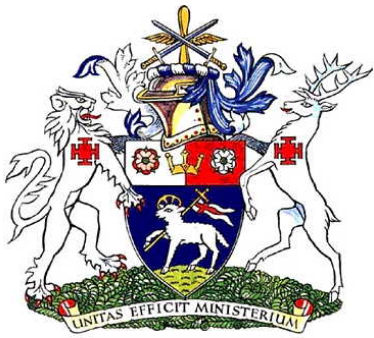
The service has a number of performance indicators in place to assess whether performance is effective and efficient.

Performance Indicator	Target	Reporting frequency
% of Plan delivered At least 90% of audit plan to be delivered by 31/3 and 100% to be finalised by 31/4 to be included in the Head of Internal Audit Annual Opinion	Based on 90% complete of those due in quarter	Quarterly
Verification that Critical, High and Medium Risks have been mitigated by management at the time of follow up	90%	Quarterly
% of reports year to date achieving: <ul style="list-style-type: none"> • Substantial • Reasonable • Limited • No Assurance 	N/A	Quarterly
Average customer satisfaction score for year to meet or exceed acceptable level for at least 85% of completed surveys	85%	Exception basis - if not met

Performance Indicators - CAFT

The service has a number of performance indicators in place to assess whether performance is effective and efficient. Performance against these indicators will be reported to the audit committee on a quarterly basis as well as details of outcomes on noteworthy concluded investigations, outcomes of pro-active exercises and joint audit /CAFT reviews.

Corporate Investigation Team	Concessionary Travel Fraud Team	Tenancy Fraud Team
Number of Fraud investigations (opened and closed) including summary breakdown of service area and Fraud type.	Number of Disabled Blue Badge Fraud investigations (opened and closed) including summary breakdown fraud type	Number of Tenancy Fraud investigations (opened and closed) including summary breakdown by fraud type
Number of Prosecutions or other Sanction for each category.	Number of Prosecutions or other Sanction for each category including the amount of costs recovered	Number of Prosecutions or other Sanction for each category
Number of Dismissals / staff no longer employed as a result of CAFT intervention.	Number of Blue Badges seized as a result of misuse, lost, stolen, forged, counterfeits being identified	Number of Properties recovered as well as the Number of Right to Buy and Housing applications denied as a result of CAFT intervention.
Financial Investigations Team		
Number of Financial investigations (under Proceeds of Crime Act) opened and closed including summary breakdown of service area as well as the amounts recovered.		
Other information reported as per Policy requirements		
Whistleblowing referrals - number received (and summary detailed provided on closed cases where appropriate).	Number of Surveillance requests / authorisations in accordance with the Regulation of Investigatory Powers Act (RIPA) 2000 (and summary detailed provided on concluded investigations if proven).	



Audit Committee AGENDA ITEM 11

26 April 2023

Title	Annual Governance Statement 2022/23 and Code of Corporate Governance 2023/24
Report of	Executive Director of Assurance
Wards	None
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A: Annual Governance Statement 2022/23 Appendix B: Code of Corporate Governance 2023/24
Officer Contact Details	Andrew Charlwood, Head of Governance, 020 8359 2014, andrew.charlwood@barnet.gov.uk

Summary

The Council is required to produce an Annual Governance Statement (AGS), which is a statutory reported public statement which is included within the Statement of Accounts for 2022/23. The Annual Governance Statement outlines the governance framework, any significant governance issues and steps taken to mitigate those issues.

A Code of Corporate Governance 2023/24 is reported alongside the AGS which has been prepared in accordance with the CIPFA Delivering Good Governance in Local Government Framework 2016. This includes the principles and sub-principles of good governance and how the council complies with them. The Code will be reported to Full Council and will be included in the Constitution.

The report seeks approval for the Annual Governance Statement 2022/23 and Code of Corporate Governance 2023/24.

Officers Recommendations

- | |
|---|
| <p>1. That the Committee comment on and approve the Annual Governance Statement for inclusion within the Statement of Accounts for 2022/23 as set out in Appendix A of this report.</p> |
| <p>2. That the Committee delegate authority to the Executive Director of Assurance in consultation with the Chair to make final amendments to the Annual Governance Statement 2022/23 prior to inclusion in the Statement of Accounts.</p> |
| <p>3. That the Committee comment on and note the Code of Corporate Governance 2023/24 as set out in Appendix B and note that Full Council will be requested to approve the Code for incorporation into the Constitution.</p> |

1. Why this report is needed

- 1.1 Part 2, Regulation 6 of the Accounts and Audit Regulations 2015 requires a local authority to conduct a review at least once a year of the effectiveness of its system of internal control and publish an Annual Governance Statement (AGS) each year with the authority's financial statements.
- 1.2 A Code of Corporate Governance 2023/24 is reported alongside the AGS which has been prepared in accordance with the CIPFA Delivering Good Governance in Local Government Framework 2016. This includes the principles and sub-principles of good governance and how the council complies with them. The Code will be reported to Full Council and will be included in the Constitution. References in the 2023/24 Code are to the governance structure that the council expects to adopt at Annual Council on 23 May 2023 (i.e., Executive system rather than Committee System). The Code refers to the governance arrangements that we expect to implement on 23 May 2023 rather than the ones in-situ now.

2. Reasons for recommendations

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

3. Alternative options considered and not recommended

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

4. Post decision implementation

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

5. Implications of decision

5.1 Corporate Priorities and Performance

- 5.1.1 The Annual Governance Statement is a public document that shows that the council recognises that there are areas for improvement within our governance arrangements and framework.
- 5.1.2 Barnet Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to economy, efficiency and effectiveness.
- 5.1.3 Monitoring governance risks via the Annual Governance Statement supports delivery of the priority of being 'financially responsible' as set out in the Barnet Corporate Plan: Caring for people, our places and the planet: our plan for Barnet 2023 – 2026.

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

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

5.3 Legal and Constitutional References

- 5.3.1 Legal references are as set out in sections 1.1, 2.3 and 6.1.
- 5.3.2 Council Constitution, Article 7 - the Audit Committee terms of reference includes "...to oversee the production of the Annual Governance Statement (AGS) and to recommend its adoption."

5.4 Insight

- 5.4.1 N/A

5.5 Social Value

- 5.5.1 N/A

5.6 Risk Management

- 5.6.1 The Council is responsible for putting in place proper arrangements for the

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

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

5.7 Equalities and Diversity

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

5.8 Corporate Parenting

5.8.1 N/A

5.9 Consultation and Engagement

5.9.1 N/A

5.10 Environmental Impact

5.10.1 N/A

6. Background papers

6.1 Accounts and Audit Regulations 2015: [The Accounts and Audit Regulations 2015 \(legislation.gov.uk\)](http://legislation.gov.uk)

6.2 CIPFA / SOLACE – Delivering Good Governance in Local Governance Framework 2016 Edition: [Delivering Good Governance in Local Government Framework 2016 Edition | CIPFA](#)

London Borough of Barnet
Annual Governance Statement 2022-2023



To the best of our knowledge the governance arrangements as defined have been effectively operating during the year 2022/23 except for those areas identified below. We propose over the coming year to take steps to address the matters to further enhance our governance arrangements.

We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation on an on-going basis through the year and as part of our next annual review at the end of the 2023/24.

SIGNED: _____ Date: xx xxxx 2023

Leader of the Council

SIGNED: _____ Date: xx xxxx 2023

Chief Executive

Introduction

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

The Council is duty bound under the Local Government Act 1999 to arrange secure continuous improvement in the way in which its functions are exercised, having regard to economy, efficiency, and effectiveness.

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

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

This Annual Governance Statement explains how the Council meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015¹ in relation to the publication of a statement of internal control.

The Council has a separate Code of Corporate Governance which is reviewed annually and reported to the Audit Committee alongside this Statement and published as part of the Constitution². The Code is consistent with the principles of Good Governance as set out in the CIPFA Delivering Good Governance in Local Government Framework 2016³. How the Council complies with the principles will be reported annually alongside the Annual Governance Statement.

Governance

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

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

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

² <https://barnet.moderngov.co.uk/ecSDDisplay.aspx?NAME=SD359&ID=359&RPID=24619495>

³ [Delivering Good Governance in Local Government Framework 2016 Edition | CIPFA](#)

Governance Arrangements

The Council's governance arrangements comprise two key elements. Firstly, the systems and processes which are in place to ensure that adequate controls exist (internal control framework; external audit; the Constitution; schemes of delegation; codes and protocols; and written decisions being subject to a report clearance process before they are published). The strategic direction of the authority is set out in the Corporate Plan and the Council regularly monitors via its decision-making framework, delivery of its strategic objectives. Secondly, good governance is underpinned by the behaviours of Members, officers and partners which includes, but is not limited to, adherence to the decision-making framework as set out in the Constitution, adherence to codes and protocols, the culture and values of the organisation, and how the authority is accountable to and engages with the community it serves.

The system of internal control is a significant part of the Council's governance arrangements and is designed to manage risk to a reasonable level, if operating effectively it cannot eliminate all risk and can only provide reasonable, not absolute assurance of effectiveness.

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

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

The governance arrangements as outlined above have been in place within Barnet Council for the year ended 31 March 2023 and up to the date of approval of the annual report and accounts.

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

The Annual Governance Statement

The Annual Governance Statement is drafted from an annual assessment, which allows the Council to review the effectiveness of their operating governance arrangements.

Barnet Council has an assurance framework which mainly includes the Council's formal governance arrangements and the Assurance Directorate. This enables Members and Senior Management to identify the principal risks to the Council's ability to meet its key objectives. Elected Members and Senior Management can map out key controls to manage risks as well as how they are assured that these controls are effective in identifying, managing, and mitigating risks.

This framework is designed to provide assurance on internal controls that are in place and whether they are operating effectively and whether objectives are being achieved, except for those areas identified below which require further improvements. The assurance provided by the framework is based on sufficient evidence.

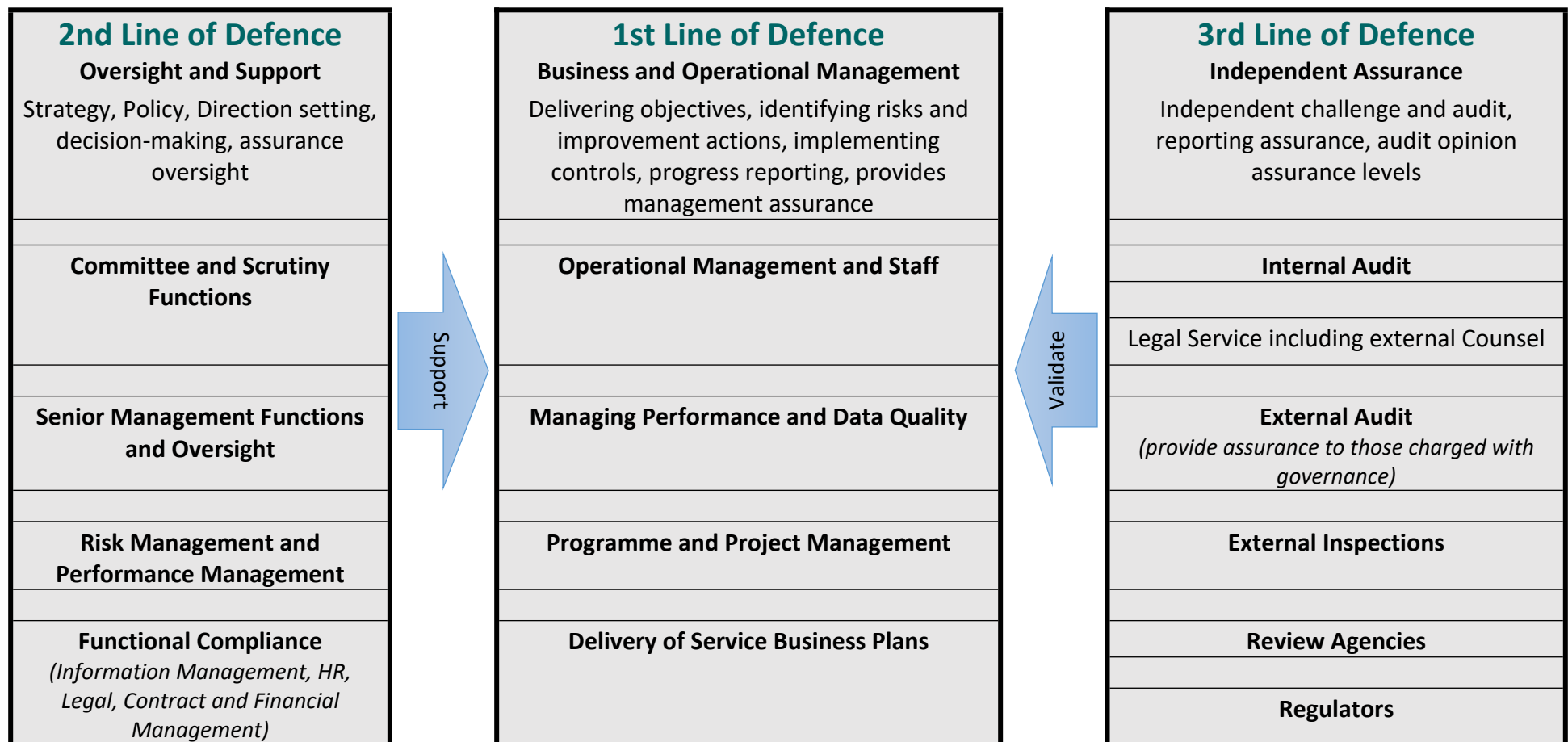
The Three Lines of Defence assurance model helps Elected Members and Senior Management understand where assurances are being obtained from, the level of reliance they place on that assurance and identify potential gaps in assurance to help inform Key Areas of Improvement.

The Three Lines of Defence in Effective Risk Management and Control

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

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

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



How has the Annual Governance Statement been prepared?

The Council has reviewed significant governance issues from the 2021/22 statement and there are detailed updates on each issue in the following section. In addition, the Council has considered emerging governance issues for 2023/24 and have included those in the Statement as issues to be monitored and addressed through the coming year.

How do we know our arrangements are working?

Within this Annual Governance Statement, the Council has undertaken an assessment of previously identified significant governance issues and the progress made against these throughout the year. Any areas which have not been resolved will carry forward into 2023/24 and will continue to be monitored. Any issues that have been resolved during 2022/23 will no longer be monitored through the Annual Governance Statement but will continue to be monitored through appropriate channels.

We consider that the Council are compliant with the CIPFA Delivering Good Governance in Local Government Framework 2016. How the Council complies with the Code is documented via a separate Code of Corporate Governance 2023/24.

2022/23 Governance Issues

1	Centre for Governance and Scrutiny Governance Risk and Resilience Framework	<p>The 2020/21 Annual Governance Statements, the Council committed to undertake a review against the Centre for Governance and Scrutiny (CfGS) Governance Risk and Resilience Framework.⁴ A self-assessment against the Framework was completed by the Monitoring Officer and Head of Governance. In addition, the Monitoring Officer and Head of Governance reviewed several Public Interest and Best Value reports from authorities where there have been significant governance failures to identify lessons learnt.</p> <p>This work was reported to Council Management Team (CMT) in April 2022 where it was agreed that further work should be undertaken on this including workshops during 2022/23 and that an action plan should be developed and implemented. It was agreed that progress on delivering the action plan will be monitored via the Annual Governance Statement during 2022/23.</p> <p>During 2022/23 the Council undertook the following activities:</p> <ul style="list-style-type: none">• Held a facilitated workshop with CMT to self-assess against the CfGS Framework.• Held six Senior Management Team facilitated workshops during October 2022 (83 out of 130 senior managers attended) which explored governance issues, particularly what works well in our current arrangements, and what could be improved. Three key areas for development in the new Executive governance system were identified as:<ul style="list-style-type: none">➤ Enhancing Member/Officer Relationships➤ Community Engagement➤ Decision-Making <p>Officers have produced a Governance Review Culture report which summarises: the findings from CfGS Framework; CMT workshop next steps report; SMT workshops next steps report; and lessons learnt from Public Interest and Best Value reports. The Culture report summarises findings and has an associated Action Plan covering the following themes:</p> <ul style="list-style-type: none">➤ Strategic Planning and Oversight➤ Communication and Engagement➤ Training and Support
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⁴ www.cfgs.org.uk/governancerisk

		<p>Implementation of the Action Plan will be monitored via regular reports to CMT and the 2023/24 Annual Governance Statement.</p> <p>Status: Open</p> <p>Responsible Officers: Monitoring Officer and Head of Governance</p>		
2	Local Government Ethical Standards	<p>In January 2019, the Committee for Standards in Public Life published a report on local government ethical standards⁵ which included 15 best practice recommendations. To comply with the recommendations, some minor updates were required to the Members Code of Conduct. The best practice recommendations and actions were reported to and agreed by the Constitution & General Purposes Committee (12 October 2020⁶) and Council (20 October 2020⁷).</p> <p>During 2022/23 a single recommendation remained outstanding as follows:</p> <table border="1"> <tr> <td> <p><u>Best Practice Recommendation:</u></p> <p>Councils should report on separate bodies they have set up or which they own as part of their annual governance statement and give a full picture of their relationship with those bodies.</p> <p>Separate bodies created by local authorities should abide by the Nolan principle of openness and publish their board agendas and minutes and annual reports in an accessible place.</p> </td> </tr> <tr> <td> <p><u>Current:</u></p> <p>The first part of the recommendation is within the Council’s control but the second part is down to the subsidiary companies.</p> <p>The Council has a number of bodies which it has established to discharge various functions including (but not limited to): The Barnet Group (including Barnet Homes (and subsidiaries) and Your Choice Barnet; Regional Enterprise (Re) until 31st March 2023; and joint ventures. The Barnet Group has set up subsidiary companies and the Council is not a shareholder to these companies.</p> </td> </tr> </table>	<p><u>Best Practice Recommendation:</u></p> <p>Councils should report on separate bodies they have set up or which they own as part of their annual governance statement and give a full picture of their relationship with those bodies.</p> <p>Separate bodies created by local authorities should abide by the Nolan principle of openness and publish their board agendas and minutes and annual reports in an accessible place.</p>	<p><u>Current:</u></p> <p>The first part of the recommendation is within the Council’s control but the second part is down to the subsidiary companies.</p> <p>The Council has a number of bodies which it has established to discharge various functions including (but not limited to): The Barnet Group (including Barnet Homes (and subsidiaries) and Your Choice Barnet; Regional Enterprise (Re) until 31st March 2023; and joint ventures. The Barnet Group has set up subsidiary companies and the Council is not a shareholder to these companies.</p>
<p><u>Best Practice Recommendation:</u></p> <p>Councils should report on separate bodies they have set up or which they own as part of their annual governance statement and give a full picture of their relationship with those bodies.</p> <p>Separate bodies created by local authorities should abide by the Nolan principle of openness and publish their board agendas and minutes and annual reports in an accessible place.</p>				
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⁵ <https://www.gov.uk/government/collections/local-government-ethical-standards>

⁶ [Agenda for Constitution and General Purposes Committee on Monday 12th October, 2020, 6.00 pm | Barnet Council \(moderngov.co.uk\)](#) (see item 10, Appendix A)

⁷ [Agenda for Council on Tuesday 20th October, 2020, 7.00 pm | Barnet Council \(moderngov.co.uk\)](#) (see item 11.2, Appendix A)

Actions:

Details of separate bodies established or owned will be included in the Council's Annual Governance Statement.

The Monitoring Officer and Head of Governance will discuss with separate bodies whether they currently publish board papers and encourage them to do so.

In the 2021/22 Statement, the council's subsidiary companies were identified as:

- The Barnet Group Ltd⁸; Barnet Holdings Ltd; Regional Enterprise Ltd; LBB BX Holdings Ltd (which includes BXS GP Ltd and BXS Ltd Partnership); Hillgreen Homes Ltd; Barnet Education and Learning Services Ltd.

It was established that only the following subsidiary company published information on their website:

- Barnet Education & Learning Service (BELS)⁹

The following subsidiary companies did not publish information on their websites:

- The Barnet Group Ltd; Barnet Holdings Ltd; Regional Enterprise Ltd; The Inglis Consortium; BX Holdings Ltd (which holds the Council's interests in BXS GP Ltd and BXS Ltd Partnership); Hillgreen Homes Ltd.

It was noted in the 2021/22 Statement that the performance of some subsidiary companies was reported via the council's governance arrangements. For example, Regional Enterprise (Re) performance was regularly reported to the council's Financial Performance & Contracts Committee¹⁰ and Barnet Homes (which is a subsidiary of Barnet Group) performance was regularly reported to the same committee.

An action area for 2022/23 was to review the reporting arrangements in place for all the council's subsidiary companies and ensure that they are reported either to a council committee or are publicly accessible elsewhere.

In addition, the Government published a response on 18 March 2022 to the recommendations made by the Committee on Standards in Public Life. Many of these responses will require primary or secondary legislation. The Council reviewed the response to relevant recommendations and sought to address these during 2022/23 to ensure that we are in alignment with recommended best practice in relation to ethical standards.

⁸ *Note: The Council is not a shareholder to The Barnet Group subsidiary companies: Your Choice Barnet Ltd; Barnet Homes Ltd; The Barnet Group Flex Ltd; Open door Ltd; and Bumblebee Lettings.

⁹ [Meeting Minutes | Barnet Education & Learning During 2022/23](#)

¹⁰ [Browse meetings - Financial Performance and Contracts Committee | Barnet Council \(moderngov.co.uk\)](#)

During 2022/23 the Monitoring Officer and Head of Governance reviewed the:

1. Reporting arrangements for all the separate bodies established or owned by the council and worked with responsible officers to improve openness and transparency where this is required. This review included performance reporting via the council's governance arrangements and reporting via the bodies own websites; and
2. Government responses to the Committee on Standards in Public Life and ensured that these are addressed.

An update on the areas to be monitored during 2022/23 is set out below:

The Barnet Group Ltd

The London Borough of Barnet has a wholly-owned Local Authority Trading Company, The Barnet Group. The Barnet Group includes Barnet Homes, the council's Arms-Length Management Organisation, which manages the council's social housing stock on its behalf and delivers its statutory homelessness and housing allocation service. Barnet Homes and The Barnet Group have independent non-executive boards that have responsibility and accountability for effective governance, risk management, focus, and regulatory, statutory, and legislative compliance. The London Borough of Barnet appoints an independent board member as chair of The Barnet Group, and two councillors are also appointed for effective oversight. The Barnet Group's boards publish financial statements and annual accounts to obtain reasonable assurance and have in place a range of controls including regarding risk management and an internal audit programme undertaken by independent 3rd party experts that is overseen by its Audit and Risk Committee.

The council has delegated responsibility to Barnet Homes for overseeing homelessness and allocations, as well as the management and maintenance of its residential stock in accordance with a ten-year management agreement. In addition to the assurances provided by The Barnet Group's own governance structure and internal controls, during 2022/23 the London Borough of Barnet received ongoing assurance through regular performance reporting to the Housing and Growth Committee and the management team-led Strategic Review Board. An agreed annual Delivery Plan for Barnet Homes sets out the actions and measures to delivering the relevant sections of the council's Housing and Growth Delivery Plan, and regular reporting on this provides additional assurance to the council.

The Barnet Homes Management Agreement includes a requirement for Barnet Homes to take part in an annual benchmarking process through expert housing consultancy Housemark, allowing valuable comparisons with our peers (local authorities and ALMO's) across London on a wide range of cost and quality measure. The Barnet Homes results for the 2021/22 financial year were produced in February 2023,

		<p>once again evidencing high performance levels in most areas of service delivery across both quality and cost measures, including:</p> <ul style="list-style-type: none"> • Top quartile performance for tenant satisfaction with overall landlord service provided • Top quartile performance for the cost of delivering housing services (excluding major works) <p>The Barnet Group publish Board agendas and minutes to their website¹¹ and information relating to their subsidiary companies (The Barnet Group Flex Ltd, Opendoor Homes and Bumblebee Lettings) are also on The Barnet Group website. Annually the Council’s Policy & Resources Committee approve of The Barnet Group Budget and Business Plan¹². Delivery of social housing funded through the Council’s £XXXM loan to Opendoor Homes is governed through loan agreements.</p> <p>Performance of the subsidiary companies have been reported via the council’s governance arrangements:</p> <ul style="list-style-type: none"> • Barnet Homes performance is reported quarterly to the Housing & Growth Committee¹³ • Your Choice Barnet Performance is reported quarterly to the Adults & Safeguarding Committee¹⁴ <p>Regional Enterprise</p> <p>Regional Enterprise (RE) was a joint venture between Capita (51%) and the London Borough of Barnet (49%) created in 2013 to deliver development and regulatory services on behalf of the Council. The Council’s arrangement with RE ceased on 31 March 2023 and all council services delivered by the joint venture have been returned. RE contract performance was reported via the council’s governance arrangements. Some elements are reported to Policy & Resources Committee¹⁵, some to the Housing & Growth Committee¹⁶ and some to Environment & Climate Change Committee¹⁷.</p> <p>Barnet Holdings Limited</p> <p>Barnet Holdings is the holding company which owned the Council’s 49% share of RE and allowed the Council to appoint directors to the Joint Venture. An elected Member and Council officer are appointed as directors. Due to the end of the contractual relationship between the Council and Capita RE, the company will be wound up and shares sold.</p>
<p>¹ Board meetings – The Barnet Group</p> <p>² Item 18: Agenda for Policy and Resources Committee on Wednesday 22nd February, 2023, 7.00 pm (moderngov.co.uk)</p> <p>³ Item 11: Agenda for Housing and Growth Committee on Wednesday 16th November, 2022, 7.00 pm (moderngov.co.uk)</p> <p>⁴ Item 12: Agenda for Adults and Safeguarding Committee on Wednesday 1st March, 2023, 7.00 pm (moderngov.co.uk)</p> <p>⁵ Item 9: Agenda for Policy and Resources Committee on Tuesday 13th December, 2022, 7.00 pm (moderngov.co.uk)</p> <p>⁶ Item 11: Agenda for Housing and Growth Committee on Wednesday 16th November, 2022, 7.00 pm (moderngov.co.uk)</p> <p>⁷ Item 12: Agenda for Environment and Climate Change Committee on Wednesday 16th November, 2022, 7.00 pm (moderngov.co.uk)</p>	<p>The Inglis Consortium</p> <p>The Inglis Consortium¹⁸ is a limited liability partnership established in 2011 for the purposes of land acquisition, development and disposal related to the Millbrook Park development site in Mill Hill,</p>	<p>¹⁸ Mill Hill East Barnet Council</p>

London. The designated members were: VSM Estates (57.55% of profit share); London Borough of Barnet (13.9% of profit share); and Annington Property (28.55% of profit share). The company is dormant and therefore no reporting is required.

BXS GP Limited and BXS Limited Partnership

BXS GP Limited Acts as a general partner to BXS Limited Partnership whose principal activity is the redevelopment of the Brent Cross Town site in North London. The Council, through its subsidiary LBB BX Holdings, and Related Argent are joint shareholders of the company whose work is undertaken by the BX JV Board which meets monthly to develop and implement the business plan agreed by the shareholders to bring forward the development in the interests of the council and its development partner. The Board comprises three members (officers) from the Council and three from Related Argent. Decisions of the shareholder are typically taken by Housing and Growth Committee, or in some circumstances Policy and Resources Committee or full Council, although the Chief Executive holds a delegation to take shareholder decisions should they be required outside the committee cycle.

Hillgreen Homes Limited

In 2016, the Council set up a wholly owned company, Hillgreen Homes, as a legal entity to be utilised for the purpose of owning and selling private sale housing units. The company has two Barnet officers as directors. Accounts for a dormant company were filed on 5th September 2022.

Government Response to Committee on Standard in Public Life

The Council have reviewed the Government's response¹⁹ and the Council are compliant in all areas except the recommendations relating to:

1. Providing a legal indemnity to Independent Persons if their views or advice are disclosed; and
2. Updating the Whistleblowing Policy to include a named contact for the external auditor.

In relation to 1., officers are exploring with the Head of Insurance an amendment to the Council's insurance policy to include Independent Persons alongside Co-opted Members.

In relation to 2., the Whistleblowing Policy has been amended accordingly.

Conclusion

⁹ [Government response to the Committee on Standards in Public Life review of local government ethical standards \(publishing.service.gov.uk\)](#)

		<p>Robust arrangements are in place in respect of the Local Government Ethical Standards and this issue will not be monitored through the Annual Governance Statement 2023/24.</p> <p>Status: Closed</p> <p>Responsible Officers: Monitoring Officer and Head of Governance</p>
3	<p>Emergency Planning and Organisational Preparedness</p>	<p>The 2020/21 Statement set out:</p> <ul style="list-style-type: none"> • The Council’s duties under the Civil Contingencies Act 2004 • How the Emergency Planning Team had been reviewing and updating key plans • That a review against Resilience Standards for London had been completed and state of preparedness had been reported to London Resilience • Recruitment had taken place for emergency response roles to increase capacity and resilience • Developing a best practice framework for responses to major incidents <p>Emergency Planning and Organisational Preparedness was monitored during 2021/22 which showed:</p> <ul style="list-style-type: none"> • Organisational Resilience Team were able to respond effectively through a team of trained responders. • A self-assessment rating of ‘Assured’ against the Resilience Standards for London • Review of the Borough Risk Register which was approved and adopted by the Borough Resilience Forum. • Low risk that Barnet would not be able to provide an adequate emergency response <p>Whilst robust arrangements have been in place in respect of emergency planning and organisational preparedness, the Council committed via the self-assessment process, to include a summary of our arrangements annually in the Annual Governance Statement.</p> <p>In addition, the 2021/22 Statement noted that the 2022/23 review would include oversight of the Chemical, Biological, Radiological and Nuclear (CBRN) Borough Response Framework which was drafted in 2021/22.</p> <p>During 2022/23 Organisational Resilience has continued to provide:</p>

		<ul style="list-style-type: none"> • Skilled and trained emergency responders to maintain an adequate state of preparedness. • Captured and acted on lessons learnt following each emergency response. • Reviewed and updated key plans in line with the risk and London Resilience frameworks including a full review of the council’s Chemical, Biological, Radiological and Nuclear (CBRN) Response Plan. • Tested and exercised plans through live incidents and training. • Completed self-assessment to Resilience Standards for London and identified an action plan to improve resilience where improvement is identified. <p>There is low current risk that Barnet would not be able to provide an adequate emergency response.</p> <p>Whilst robust arrangements are in place in respect of emergency planning and organisational preparedness, the council committed via the self-assessment process, to include a summary of our arrangements annually in the Annual Governance Statement.</p> <p>Status: Open</p> <p>Responsible Officer: Head of Organisational Resilience</p>
4	<p>Governance of Major Capital Programmes including Brent Cross Cricklewood Regeneration</p>	<p>The 2020/21 Statement provided assurance on the Council’s major capital programmes including:</p> <ul style="list-style-type: none"> • Brent Cross Cricklewood Regeneration Scheme including: delivery of the new Brent Cross Thameslink station; the acquisition of the Brent Cross South Retail Park; and programme governance arrangements • Highways Capital Investment • Housing Revenue Account capital portfolio • Council capital delivery projects (including: depot; education and families; town centres; greenspaces, parks and leisure; property and operations; and the Hendon Hub) <p>Governance of major capital programmes was an issue that was monitored during 2021/22. In the 2021/22 Statement, it was concluded that robust arrangements were in place in respect the governance of major capital programmes, including Brent Cross Cricklewood regeneration, and most of the issues referred to above will not be monitored through the Annual Governance Statement during 2022/23. However, as the Council had underwritten the development costs for the Brent Cross Thameslink station which remains a</p>

		<p>significant financial risk for the authority, this element only has continued to be monitored during 2022/23. The extract from the 2021/22 Statement on the Brent Cross Thameslink station is set out below:</p> <p>“Ensuring that the station construction is completed by late 2022 and is operational by March 2023 is another risk that is being actively managed as the construction phase of the station nears its end, and risks identified earlier in the scheme are increasingly likely to crystallise. The coming year will focus on delivering a functioning train station that is operating in a sustainable and safe manner. Overall delivery of the station including adherence to the agreed programme, continues to be overseen by the Railway Operations Assurance Board. The Board reports into the already established Government Assurance Board and can escalate issues which may require input from more senior levels.”</p> <p>The 2022/23 update is as follows: The station is now nearing completion and is expected to open later in 2023. Completion has been delayed by Network Rail strikes and the funeral of Her Majesty Queen Elizabeth II. The council are in ongoing discussions with the station contractor, VolkerFitzpatrick Limited, and Network Rail on the closeout process for the major station delivery contracts. Update reports have continued to be issued to Housing & Growth Committee, Brent Cross Governance Board and Government Assurance Board. An alternative funding strategy was also developed and approved to respond to any overspend risk. This element of the programme will continue to be monitored during 2023/24 until the major contracts have been closed out.</p> <p>Status: Open</p> <p>Responsible Officer: Deputy Chief Executive and Brent Cross Director</p>
5	<p>Annual Internal Audit Opinion – Key Findings</p>	<p>Each year the work of Internal Audit is summarised to give an overall opinion on the system of internal control and corporate governance within the Council. This is a requirement of the Public Sector Internal Audit Standards (PSIAs). The Opinion covers the internal audit work completed delivering the 2022/23 audit plan to 31 March 2023.</p> <p>2022/23 Update</p> <p>The Annual Opinion will be drafted in May 2023 and will be presented to the Governance, Audit & Risk Management Committee in July 2023.</p> <p>Status: Open</p> <p>Responsible Officer: Head of Internal Audit</p>

6	Cyber Security and Information Management	<p>The 2020/21 Statement:</p> <ul style="list-style-type: none"> • Highlighted that the Covid-19 pandemic had seen a significant increase in cyber-attacks on organisations. • Set-out the council’s approach to protecting against attacks and recovery. • Noted that Business Continuity plans were being reviewed across the organisation. <p>Cyber security was an issue that was monitored during 2021/22. Despite the actions outlined in the 2021/22 Statement taken to reduce risk in this area, cyber security remained a significant governance issue for the Council, and it was therefore monitored during 2022/23. The update is set out below:</p> <p>The threat of cyber security is a key risk to the authority’s data, systems, and services; there is consistent monitoring and controls in place to mitigate this risk. Despite the ongoing actions taken to reduce risk in this area, cyber security remains a significant risk due to the potential impact and likelihood of a cyber-attack.</p> <p>There is a continued maturing, structured approach that proactively reviews technical controls in place to ensure they are in line with changing threat levels, so that technologies and processes evolve to mitigate the threat. The Council works with relevant agencies and partners both locally and nationally, such as the National Cyber Security Centre, to ensure live threats and intelligence are monitored and responded to. This ensures awareness and vigilance remain high, and clear protocols to respond to evolving threats are developed and maintained.</p> <p>Whilst it is not considered best practice to publish technical mitigations in place to thwart a cyber-attack these are being continually updated and improved. In 2023 Barnet successfully achieved accreditation following an annual Public Sector Network assessment. Internal audit in 2022/2023 focused on risks with regards to third party suppliers accessing Barnet systems and staff action and training; recommendations are being implemented. There is staff training and awareness already in place that compliments these controls, and we continuously look to increase the level of knowledge and awareness among staff to remind them to remain vigilant. The level of governance with regards security measures and reviews combines daily, weekly, monthly, quarterly, and annual measures to protect the information and system assets of the authority.</p> <p>Cyber security and information management will continue to be monitored as an issue during 2023/24.</p>
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7	Emerging Legislation and Inspection Regimes	<p>In the 2021/22 Statement it was reported that there were areas where there would be:</p> <ul style="list-style-type: none"> • New legislation which had been progressing through parliament, or had recently become legislation; or • Changes to external inspection regimes which were due to take place, or where there had been substantial changes to the current inspection regime. <p>The following areas were identified for monitoring during 2022/23 in case of any governance issues arising:</p> <ul style="list-style-type: none"> ➤ Children’s Services – during the year a range of services would be inspected including a Children in Care Focussed Visit, SEND (Special Educational Needs and Disability) inspection, HIMP (Her Majesty’s Inspectorate of Prisons) inspection of the Youth Offending Service as well as New Park House Children’s Home. In addition, the Government’s SEND Review, Care Review and Education White Paper would be published all of which will impact on the authority. Risks relating to the children and young people aspects of contingency hotels would also be monitored. ➤ Adult Social Care (ASC) – the Health and Care Act came into effect at the end of April 2022. This brought into effect new duties and requirements on councils with ASC responsibilities. Councils would be required to implement the Cap on Care costs, which brought new duties to conduct Care Act Needs Assessments of people wishing to use the cap system and set up systems to monitor people’s progress toward £86,000 lifetime cap on care. Councils had been asked to conduct early assessments from April 2023 prior to the cap go-live in October 2023. The Act would also bring in a new national assurance regime of council’s ASC duties under the Care Act. This would involve enhanced data collection, monitoring and inspection, led by the Care Quality Commission, with go-live planned for April 2023. The national social care reform programme would also make several other requirements of councils, within the year 2022/23: the requirement to conduct fair cost of care exercises with the care market and plans to implement a new national performance reporting system including client-level data. 2023/24 would be a year of significant preparation for the changes to come into effect in April 2023, along with significant developments in year. ➤ Environment Act – the Environment Act 2021 introduced a range of duties on local authorities in relation to waste and recycling, air quality, protecting the natural environment and water. Details of the

implementation of, and new burdens funding for, these duties were still being developed by Government, but had the potential to create significant challenges for the Council. The Council would engage in sector-wide efforts to influence the development of these requirements, and the implications and any governance issues arising from them would be monitored accordingly.

The 2021/22 Statement also included a section on fire safety which had been monitored from 2020/21 onwards and would continue to be during 2022/23. A separate section on fire safety has been enclosed and merged with this section.

In addition to those areas above, several additional areas to be monitored during 2023/24 have been identified. Updates on all these areas are set out below:

Building Safety

‘Building a Safer Future’ (BSF) is a Government-led initiative in response to the Grenfell Tower tragedy. It is a framework within which the shortcomings identified in the post Grenfell review of Building Regulation and Fire Safety can be addressed. These shortcomings include the way high-rise residential buildings are built and managed. BSF is also intended to deal with situations where residents may raise concerns about the safety of their buildings, which they may feel are not taken seriously by their landlord. Two key pieces of legislation support this initiative – the Building Safety Act and the Fire Safety Act.

The new Building Safety Regulator, working under the responsibility of the Health and Safety Executive and with responsibility for ‘high risk’ / ‘in-scope’ buildings (e.g., residential blocks over 18 metres, but other criteria may be defined through subsequent statutory instruments) will be operational in 2023/24. Following formal introduction of the Acts an additional £0.9m per annum has therefore been included in the Housing Revenue Account {HRA} Business plan as revenue expenditure within the plan to deliver the requirements of ‘Building a Safer future’ and associated legislation.

An update on the council’s progress in putting in place the requirements of the Building Safety Act was submitted to Housing and Growth Committee on 23rd March 2023. The Committee also approved the following recommendations:

1. Note that the Council will be the ‘Accountable Person’ for the purposes of the Building Safety Act 2022 and ask Council to approve that the functions of the ‘Accountable Person’ be delegated to the Deputy Chief Executive and that the Constitution be updated; and

		<p>2. Approve that the Housing Management Agreement between the Council and Barnet Homes be updated as some duties of the 'Accountable Person' will be carried out by them as agent for the council.</p> <p>Fire safety has continued to be monitored throughout 2022/23 with quarterly updates provided to Housing and Growth Committee:</p> <ul style="list-style-type: none"> • The £52m Fire Safety Investment Programme for high-risk council owned housing blocks is now complete; • Barnet Homes have delivered the fire risk assessment survey programme for low and medium rise blocks totalling 900+ reports. An assessment of future investment need has been developed and budget provision of £29.5m for a 5-year investment programme has been approved. These works will include compartmentation; fire doors to communal areas and flats; fire detection systems; emergency lighting and fire signage; • Regular updates on risk assessments in private sector buildings (residential). <p>Housing Quality and Regulation</p> <p>Fire safety has been included in the Annual Governance Statement since the Grenfell Tower fire in June 2017. Given the progress in delivering the £52m fire safety investment programme in relation to the council housing stock is now complete, the changing regulatory environment, and the growing focus over the last 6 months on damp and mould, the fire safety update has been incorporated into a wider Housing quality and regulation update.</p> <p>Housing quality and landlord responsibility is a key priority for the Council. In terms of council housing stock failure to achieve regulatory requirements for the housing stock could lead to health, safety and compliance issues resulting in death to residents, staff and public, legal challenges, reputational damage and financial costs. The Housing Act 2004 (sections 3 and 4) requires local authorities to keep the housing conditions in their area under review and to inspect the same if it considers a Category 1 or 2 hazard (as defined by the Act) exists and gives powers to intervene where they consider housing conditions to be in breach of the same.</p> <p>Damp and Mould</p>
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	<p>The Building Safety Act 2022 received Royal Assent on 28 April 2022 and will be fully implemented in October 2023. Building owners will be required to have their building safety regime in place by this time. The Act sets out safety requirements for landlords of higher-risk buildings that are at least 18m or 7 storeys high and have 2 or more residential units. It covers the different stages of building including design, planning, construction, and whilst tenants and leaseholders are living in a building. The Act has introduced new duty holder roles, a new gateway process for the planning and construction stages, a new building safety regime, and created a new Building Safety Regulator and a New Homes Ombudsman. Landlords need to register higher risk buildings they own with the new Regulator between April and October 2023. Barnet Homes' Property Services team has been resourced to implement the requirements of the Act, and a decision is currently being made regarding the Accountable Person duty holder role for the council's housing stock.</p> <p>The Social Housing (Regulation) Bill received its first reading in the House of Commons on 31 October 2022. Consideration of amendments is underway, and the Bill is likely to be enacted in 2023. The Bill is intended to deliver the reforms outlined in the Government's Social Housing White Paper and bring forward a stronger and more proactive regulatory regime to drive up standards in the sector and hold social landlords to account for the service they provide to their tenants. It includes a focus on safety, transparency, and accountability of landlords, requires a named health and safety lead in every registered provider, and also introduces powers for the Regulator of Social Housing to gather performance information on landlords through the Tenant Satisfaction Measures that must start to be monitored from 1 April 2023. Proposed amendments include introducing Awaab's Law which will require social landlords to investigate, and fix reported hazards in their homes within a specified timeframe, or rehouse tenants where a home cannot be made safe, and a requirement for all social housing managers to have a professional qualification.</p> <p>The Levelling Up and Regeneration Bill is presently at the Committee Stage in the House of Lords. In terms of social housing, the Bill will increase certainty in planning decisions and improvements to the application process, introduce a new infrastructure levy which will replace Section 106, and will introduce a new section in the Town and Country Planning act to expand existing powers to vary or remove planning conditions attached to grants of planning permission.</p> <p>Private Sector Rented Housing</p> <p>The Government published its White Paper "A Fairer Private Rented Sector" in June 2022, in which it proposed to introduce a Renters Reform Bill. A Bill has not yet been introduced, however would be expected to introduce new measures to ensure decent, well looked after homes are available for rent. The</p>
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8	Workplace Wellbeing	<p>In 2021/22 the following issue was identified to be monitored during 2022/23:</p> <p>The pandemic introduced many challenges for the council to maintain our employees’ mental and physical health and wellbeing whilst dealing with significant changes in the way we worked. Members of staff directly involved in the response where under considerable strain, worked long hours and were left exhausted. All staff were impacted by the pandemic, in particular the first lockdown meant that we had to quickly introduce safe ways of working from home.</p> <p>Measures that were introduced included:</p> <ul style="list-style-type: none"> ➤ Risk assessments and regular review, to manage risks introduced with the new ways of working ➤ Accessible advice and guidance on home working and working in isolation ➤ Provision of equipment to enable staff to work from home safely ➤ On-line activities, events and webinars with advice on healthy options and to enable staff to remain in regular contact with colleagues ➤ Regular promotion of our Employee Assistance programme and other staff welfare resources ➤ Development of an on-line “Wellbeing Hub” with wellbeing resources for staff to readily access <p>These enforced new ways of working have led to a rethink of how the council operates and a move to a more agile workforce. Many of the measures introduced will be maintained as well as new initiatives and resources being introduced. A Workplace Wellbeing Strategy was being produced in 2022/23 with an</p>

		<p>associated action plan that will ensure continued management of these risks and lead to improvements in staffs general health and wellbeing.</p> <p>The 2022/23 update is as follows:</p> <p>Focus on Workplace Wellbeing continued during 2022/23 with the Strategy published and a particular emphasis on interventions including promotion of mental health and wellbeing, prevention of burnout and stress at work. During 2022-23, a considerable number of sickness absence days lost were attributable to mental ill health and stress; the most common cause of management referral to our Occupational Health (OH) providers was mental ill health and Employee Assistance Programme (EAP) saw an increase in referrals due to anxiety and stress at work and low mood. Analysis of staff feedback and OH/EAP data highlights issues with relationships between managers and staff, within teams, and staff feeling disengaged. There were indications of a high degree of ‘presenteeism’, in that many of our staff are present at work, but not performing at their best due to stress and anxiety. These findings were in line with other public services across the country.</p> <p>There are examples of good practices across the Council on support and interventions provided to employees on preventing mental ill health and managing mental ill health and stress at work however, there is a significant risk that the current culture of some parts of the organisation and management practices would inevitably lead to increased levels of absence, increases in disciplinary issues due to poor performance and an increase in staff turnover due to disaffection with the organisation.</p> <p>A focus on Workplace Wellbeing for 2023/24 will therefore continue to be one of the main priorities for the Council with a particular emphasis on providing relational wellbeing and psychological wellbeing support, support and training for managers, continuation of ‘Energising at Work’ coaching programme, culturally specific counselling for minoritized staff and a range of other management interventions at directorate levels. These initiatives will be integrated with a wider cross-Council leadership, organisational and development programmes. This will result in a healthier work culture at the council and therefore improved services to Barnet residents.</p> <p>Status: Open</p> <p>Responsible Officer: Head of Health, Safety and Wellbeing</p>
9	Inflation	In 2021/22 the following issue was identified to be monitored during 2022/23:

		<p>The Council’s agreed Budget and Medium-Term Financial Strategy (MTFS) make provision for inflation. However, global events have increased upward pressure on inflation and interest rates, and it is not currently clear what the overall impact will be on council services and capital programmes. The council will monitor the impact of rising costs on both in-year budgets and the MTFS, and any impacts will be addressed through regular Business Planning reports to the Policy & Resources Committee.</p> <p>We are satisfied that these steps will address the need for improvements that have been identified and we will monitor their implementation and operation through appropriate committees throughout the year as well as part of the next annual review.</p> <p>The Council will also continue to ensure elected Members are kept fully briefed of any new significant issues that may arise in year.</p> <p>The 2022/23 update is as follows:</p> <p>In 2022/23 inflation was as high as 11.1%, this created a sharp increase in cost of delivering services for the council and while the council’s agreed budget and Medium-Term Financial Strategy (MTFS) make provision for inflation, it was necessary to drawdown on contingency to help manage the in-year financial position. The Chancellor’s budget on 15th March 2023 forecast inflation to return to 2.9% by the end of 2023 but given the economic volatility over the last financial year, it would be prudent to keep this under review until the forecast has been achieved. The Council will continue to monitor the impact of rising costs on both in-year budgets and the MTFS, and any impacts will be addressed through regular Business Planning reports to the Policy & Resources Committee or Cabinet.</p> <p>We are satisfied that these steps will address the need for improvements that have been identified and we will monitor their implementation and operation through appropriate committees throughout the year as well as part of the next annual review.</p> <p>The Council will also continue to ensure elected Members are kept fully briefed of any new significant issues that may arise in year.</p> <p>Status: Open</p> <p>Responsible Officers: Executive Director Strategy and Resources</p>
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Conclusion

During 2022/23 the council has progressed and resolved some of the significant governance issues identified.

The following governance issues will carry forward from 2022/23 into 2023/24 (as detailed above): -

1. Governance Risk and Resilience Framework
2. Emergency Planning and Organisational Preparedness
3. Brent Cross Station Governance (linked to Governance of Major Capital Programmes items previously reported)
4. Cyber Security and Information Management
5. Head of Internal Audit Annual Opinion
6. Emerging Legislation and Inspection Regimes
7. Workplace Wellbeing
8. Inflation

In addition, Members and CMT have identified the additional areas to be monitored during 2023/24 via the Statement:

9. Auditor Capacity and Impact on Audit of Accounts

The independent audit of a local authority's statutory accounts and arrangements for achieving value for money is a key transparency and accountability mechanism which is fundamental to sustaining public confidence in systems of local democracy. Local audit enables taxpayers, and local bodies themselves, to have confidence that financial accounts are true and fair and that the authority has been acting with propriety and has arrangements in place to secure value for money through the economic, efficient, and effective use of its resources.

Recent years have seen delays in audit completion due to increased regulatory requirements of audit firms and capacity and capability issues within the external audit sector. Despite this, the council's accounts to 2019/20 have been successfully audited. In 2020/21, an additional issue relating to the reporting of infrastructure assets led to delays in local authority audits, principally for highways authorities. This has resulted in delays to the audit of the council's 2020/21 financial statements and a delay in the commencement of the 2021/22 external audit. A temporary solution has been agreed by CIPFA/LASAAC for the infrastructure issue meaning that the audit of the 2020/21 accounts is now nearing completion with the 2021/22 audit due to commence in August 2023.

In the absence of the external assurance, and to provide transparency and accountability to elected councillors and residents, the council continues to maintain a strong internal audit function and regular dialogue with Audit Committee to ensure councillors are kept up to date of progress, on-going issues and actions that are being taken to address any concerns.

On a wider level, the government has recognised these issues in the audit sector and is establishing a new audit regulator, the Audit, Reporting and Governance Authority to replace the Financial Reporting Council. The government announced plans for the new regulator in March 2019, and published detailed proposals in March 2021; the new regulator is expected to be fully implemented in 2023.

10. Change of Governance Arrangements

It is expected that the Council will change governance arrangements from a Committee System to an Executive system effective from Annual Council (23 May 2023). The change will require the Council to adopt a new Constitution and implement several new processes and procedures including: introducing a single party Executive (or Cabinet); introducing decision-making by individual Members; creating a new overview and scrutiny function; and enhancing opportunities for democratic engagement. It is essential that the transition to the new arrangements is seamless and that the Council undertakes a process of reviewing and refining the new system during 2023/24. This is an issue that will therefore be monitored during the coming year.

London Borough of Barnet Code of Corporate Governance 2023/24



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

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

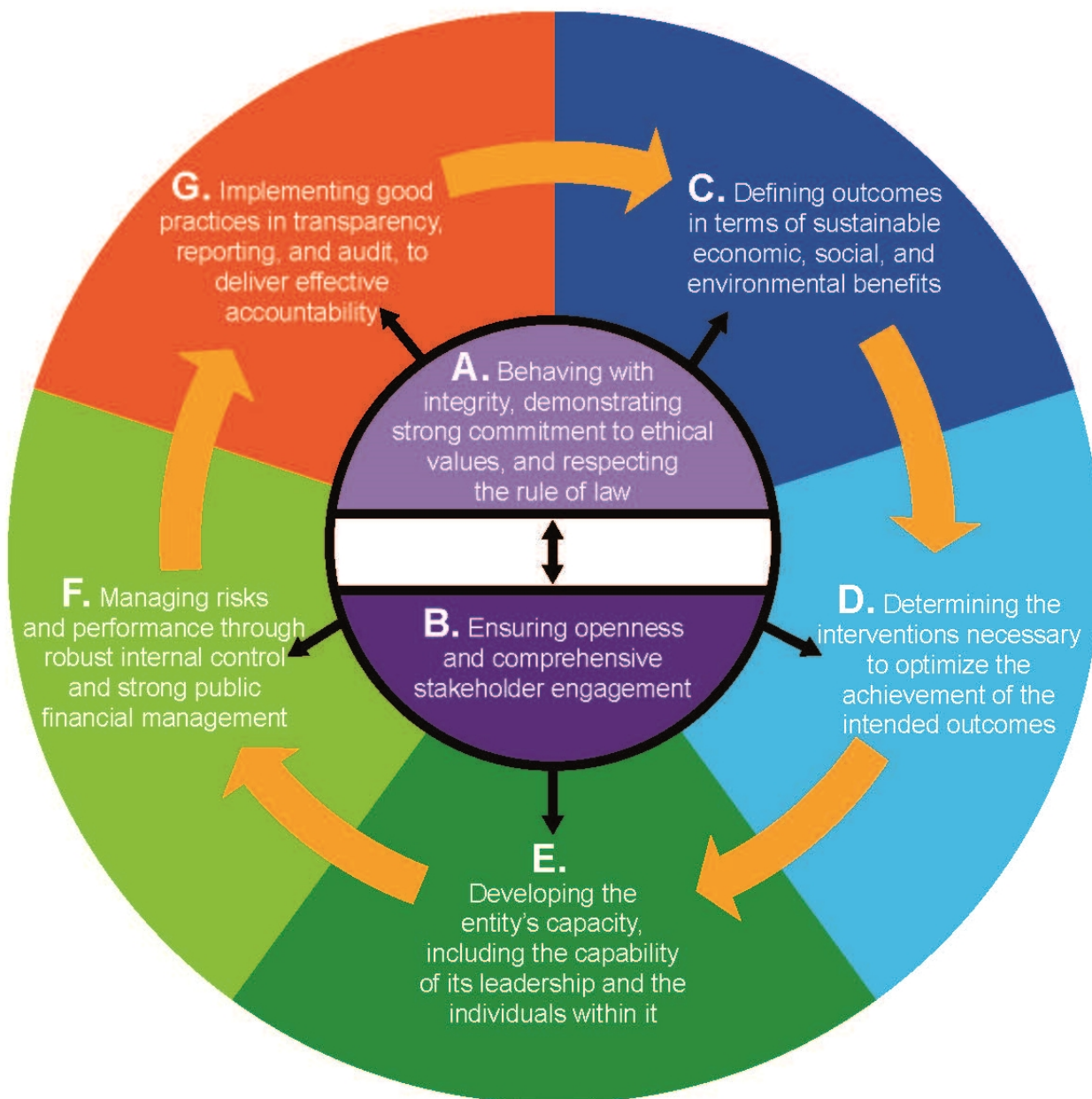
As outlined in the CIPFA Framework, the governance processes and structures focus on achieving economic, societal, and environmental outcomes. Furthermore, the focus on sustainability and the links between governance and public financial management are crucial – the Council recognises the need to focus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

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

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

Principles of Good Governance

Relationships between the Principles for Good Governance in the Public Sector



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

Supporting Principles	How the Principles are met by the Council
Ensuring Members behave with integrity and develop robust policies which place emphasis on agreed ethical values.	The Principles of Public Life are established within the Members Code of Conduct. The Code outlines the behaviours and values that are required when acting in the capacity of an elected Councillor. The Council's Monitoring Officer is responsible for promoting and maintaining high standards of conduct. The Governance, Audit, Risk Management and Standards (GARMS) Committee receives regular reports on councillor conduct complaints.
Seeking to establish, monitor and maintain the Council's ethical standards and performance.	The GARMS Committee consider and make recommendations to Council on how it can satisfy the continuing duty to promote and maintain standards of conduct by Members, as well as ethical standards in general across the authority. A Standards Sub-Committee is in place to investigate and determine allegations of any breaches of the code.
Ensuring that external providers of services on behalf of the Council are required to act with integrity and in compliance with ethical standards.	Contractors must act in compliance with all relevant council policies and the law.
Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.	All Council and committee reports are subject to clearance procedures, to ensure decisions taken are compliant with the budget and policy framework, the law and the council's Constitution. Comprehensive schemes of delegation are in place detailing how chief officers will discharge the statutory powers within their remit. The Assurance directorate is responsible for governance and compliance and includes Internal Audit, Governance and the statutory Monitoring Officer. Members oversight is through the council's formal governance arrangements, primarily Cabinet and Overview & Scrutiny committees and sub-committees and their review of financial and corporate performance information, the GARMS Committee and Full Council.
Dealing with breaches of legal and regulatory provisions effectively.	Appropriate action is taken by the Council's legal services (Harrow & Barnet Public Law) with oversight by the Monitoring Officer in liaison with officers within the Assurance directorate .
Ensuring corruption and misuse of power are dealt with effectively.	The Monitoring Officer and Corporate Anti-Fraud Team investigate all allegations of fraud and irregularities across the council and its partners.

B. Ensuring openness and comprehensive stakeholder engagement.

Supporting Principles	How the Principles are met by the Council
<p>Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used.</p>	<p>Council, Cabinet, committee, and delegated powers reports cover the options available and the reasons for recommendations. Every report sets out why the report is needed, reasons for the recommendation(s) and alternative options considered but not recommended. The formal minutes of Council, Cabinet and committee meetings will record the reasons for Members decisions, which are then published on the council's website.</p>
<p>Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully.</p>	<p>Where formal partnerships exist between institutional bodies, joint strategies and plans are developed in a collaborative way and jointly adopted through the partnership.</p> <p>Examples include the Safer Communities Strategy (agreed by the Safer Communities Partnership Board) and Health & Wellbeing Strategy (agreed by the Health & Wellbeing Board). In addition, the councils recently updated, Project Management Guidance provides advice on stakeholder engagement.</p>
<p>Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively.</p>	
<p>Ensuring that partnerships are based on trust, a shared commitment to change, a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit.</p>	<p>Several partnerships are in place to support work in specific joint areas including community safety (Safer Communities Partnership Board), health and social care (Health & Wellbeing Board), improving the wellbeing of Children across the Borough (Barnet Children's Partnership Board) and sub-regional joint working (West London Economic Prosperity Board).</p>
<p>Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service provision is contributing towards the achievement of intended outcomes.</p>	<p>A Consultation & Engagement Strategy is in place which details the type of decisions that the council will consult on, who we will consult with and how feedback will inform decisions taken. Consultation takes place on any issue that affects residents such as service or policy changes, or various statutory processes (such as planning, traffic or highways matters).</p>

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

Supporting Principles	How the Principles are met by the Council
<p>Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions.</p>	<p>The Barnet Corporate Plan: Caring for people, our places and the planet: our plan for Barnet 2023 – 2026 outlines the priorities of People, Places, Planet, and Engaged and Effective Council. The Plan outlines these priorities and how the council will work to achieve them.</p> <p>The Budget for 2023/24 and Medium-Term Financial Strategy 2023/24 – 2026/27 outlines how resources will be aligned to the strategic outcomes set out in the Corporate Plan. Performance indicators are also regularly reported to Cabinet and Overview & Scrutiny committees and sub-committees.</p>
<p>Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer.</p>	<p>The intended impact of decisions will be evidenced in Council, Cabinet, committee, and delegated powers reports. Equality issues will be further evaluated within equality impact assessments.</p>
<p>Delivering defined outcomes on a sustainable basis within the resources that will be available.</p>	<p>The Corporate Plan and Budget and Medium-Term Financial Strategy set out the council's strategic priorities and how resources will be allocated to support these.</p> <p>All committee reports must include a section on resources implications.</p>
<p>Identifying and managing risks to the achievement of outcomes.</p>	<p>A Risk Management Framework is in place and a Corporate Risk Register is maintained, which is published as part of the annual Business Planning report taken to Cabinet and Full Council. Mitigating actions are put in place where required. Risks are reported periodically to Council Management Team, Cabinet, Overview & Scrutiny committees, and the GAMRS Committee.</p>
<p>Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available.</p>	<p>Where appropriate, and in compliance with statutory duties, public consultation is carried out with service users. The Council also maintains an effective Citizens Panel which informs priorities and resource allocation.</p>
<p>Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision.</p>	<p>Committee reports cover this principle and strategic cross-borough planning is also undertaken in liaison with the Mayor of London and the West London Economic Prosperity Board.</p>

Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social, and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.	Committee reports cover this principle, with alternative options considered and implications of all decisions being outlined in every report. The Medium-Term Financial Strategy also covers these principles
Ensuring fair access to services.	Committee reports will cover equality legislation and ensure that decision-makers are aware of impact upon citizens with the protected characteristics. Equality impact assessments are completed where relevant. The Council also ensures impacts on other disadvantaged local citizens are considered.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes	
Supporting Principles	How the Principles are met by the Council
Determining the right mix of corporate (legal, assurance, regulatory, and finance) interventions to ensure intended outcomes are achieved.	The Chief Executive in liaison with Chief Officers carries out this determination quarterly, in liaison with Chief Officers.
Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.	Committee reports detail post-decision implementation steps. If outcomes are not delivered, the relevant chief officer will ensure that the decision is reviewed, and remedial steps taken.
Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and of associated risks – therefore ensuring best value is achieved however services are provided.	Chief Officers and their direct reports evaluate options and give appropriate advice to decision-makers. Committee reports include sections on ‘Alternative options considered and not recommended’, ‘implications of decisions’ and ‘Risk management’.
Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available.	Feedback from public consultations and the Citizens Panel is set out within relevant committee reports and delegated powers reports and used to inform decision making.

Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.	Quarterly reporting to the Cabinet and Overview & Scrutiny committees and sub-committees including results of key performance indicators and the management of strategic contracts. In addition, an annual planned programme of work is undertaken by Internal Audit.
Considering and monitoring risks facing each partner when working collaboratively, including shared risks.	Shared risks are identified in a register and reviewed at least quarterly; significant risks facing each partner are subject to quarterly review.
Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances.	When making a decision, or making recommendations to Members regarding a preferred option, Chief Officers take into account the following: delivery of high-quality services; value for money; and the scope to vary arrangements to take into account changing circumstances.
Establishing appropriate key performance indicators (KPIs).	The Corporate Plan details the KPIs required to deliver the council's objectives.
Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.	As set out within the Constitution's Financial Regulations and the Medium-Term Financial Strategy.

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

Supporting Principles	How the Principles are met by the Council
Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness.	An Asset Management Plan is in place, which provides a strategic approach to the management of property assets (approved and overseen Cabinet). Performance reports are presented to Cabinet and Overview & Scrutiny committees and sub-committees which detail KPIs and financial monitoring. Chief Officers are responsible for the performance of services within their remit and a Commercial Team is in place for oversight and management of key strategic contracts.
Improving resource use through application of techniques such as benchmarking to determine how resources are allocated so that defined outcomes are achieved effectively.	CIPFA benchmarking exercises are undertaken across the Council. Best practice reviews are undertaken as part of service improvement initiatives.
Recognising partnership benefits and collaborative working where added value can be achieved.	Full engagement through the Barnet Partnership Board, sub-regional partnerships (such as the West London Alliance), the Mayor of London and Greater London Assembly, London Councils and with public sector partners, particularly Health and the Police.

<p>Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body.</p>	<p>The Constitution is explicit about which decisions are reserved to Council, Cabinet or committees and which are delegated to officers. Chief Officers maintain schemes of delegated authority that are published and regularly updated.</p>
<p>Ensuring the Leader and the Chief Executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services set by members.</p>	<p>The Constitution details the roles and responsibilities of the Leader and Executive (Article 6 and Part 2C) and Chief Executive (Part 2G). The Leader and councillors set the councils' priorities and strategic direction; the Chief Executive is responsible for delivering these priorities, supported by Chief Officers.</p>
<p>Developing the capabilities of Members and officers, including induction, continuing professional development training, and lessons learnt from governance weaknesses.</p>	<p>A Member Development Programme is agreed and implemented during each council cycle. Members must attend mandatory training before serving on some committees (i.e., planning and licensing) and are strongly encouraged to keep their knowledge and skills up to date in relation to the committees that they serve on. A comprehensive induction programme is provided to all new Councillors following the local elections, as well as following any by-elections. The Council has now achieved 'Charter Status; for its Member Development Programme and will be working with Councillors towards the achievement of 'Charter Plus' status.</p> <p>Officers have an induction programme, a corporate learning and development programme and an e-learning Hub is in place. Where governance weaknesses are identified, remedial actions are put in place and delivery is monitored. Officers have also undertaken a self-assessment against the Centre for Governance & Scrutiny's Risk and Resilience Framework (which considers organisational culture and behaviours) and reviewed governance issues at other local authorities to identify lessons learnt.</p>
<p>Ensuring that there are structures in place to encourage public participation.</p>	<p>Public participation rights are set out in the Constitution (Council, Cabinet and Committee Procedure Rules); decisions that affect residents are usually the subject of public consultation.</p>
<p>Holding staff to account through regular performance reviews which take account of training or development needs.</p>	<p>Performance Related Pay is in operation within the Council. Performance Reviews consider training / development needs and ensure that these are addressed.</p>
<p>Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.</p>	<p>Arrangements are put in place by Human Resources with oversight by Licensing & General Purposes Committee (which has responsibility for HR matters).</p>

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

Supporting Principles	How the Principles are met by the Council
Implementing robust and integrated risk management arrangements and ensuring that responsibilities for managing risks are clearly allocated.	A Risk Management Framework is in place, with officer responsibilities clearly allocated. Strategic risks will be reported to the Cabinet, Overview & Scrutiny committee and Chief Officers.
Monitoring service delivery effectively including planning, specification, execution and independent post implementation review.	Chief Officers are responsible for delivering services within their respective portfolios including specifying outcomes/outputs, monitoring performance, contract management and post-implementation reviews. Internal Audit provide independent assurance on key financial systems and areas of service delivery on a risk-based approach.
Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook.	All committee reports and delegated powers reports require information on relevant risks and how these will be managed.
Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making.	A 'Committee System' governance structure is in place (distinct from a Leader/Cabinet model) which permits cross-party political discussion at all committee meetings on major strategic decisions. All Members are entitled to submit one Members item for an agenda for a meeting of a committee or sub-committee on which they serve. Members are also entitled to attend and speak at any committee meeting by giving notice to the Chairman before the start of the meeting.
Providing Members and senior management with regular reports on service delivery plans and on progress towards outcome achievement.	Regular reports will be taken to the Cabinet and Overview & Scrutiny committees. Chief Officers are provided regular updates and reports via the Council Management Team meetings.
Ensuring effective counter fraud and anti-corruption arrangements are in place.	Responsibilities are set out within the Constitution and Code of Conduct. In addition, the Corporate Anti-Fraud Team is in place within the Assurance Group with the necessary specialist skills to undertake various types of fraud and anti-corruption investigations.
Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.	Assurance undertaken by Internal Audit within the Assurance Group with a plan of work being approved by the GARMS Committee on an annual basis.

Ensuring an Audit Committee or equivalent group function provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment.	Assurance provided by the Cabinet, Overview & Scrutiny committees and sub-committees and also by the GARMS Committee.
Ensuring effective arrangements are in place for data use and storage and when sharing data with other bodies.	Arrangements in place with the Information Management and Insight & Intelligence Teams.

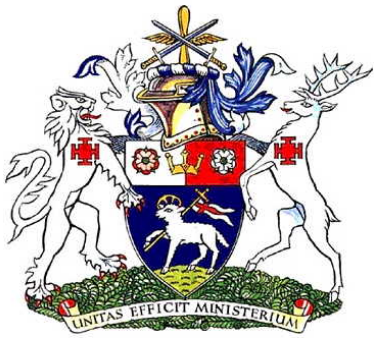
G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Supporting Principles	How the Principles are met by the Council
Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style.	Report writing guidance is in place to clarify information required in each section of reports. Officers, via the report clearance process, review the content and structure of reports to ensure that they can be understood by the public and stakeholders. The Governance Service offers report writing workshops to departments across the council, to provide advice and training on how to ensure reports are easy to understand not unnecessarily complex.
Providing sufficient information to satisfy transparency demands while not being too onerous for users to read and understand.	The Open Barnet data portal can be accessed via the council's website. Published datasets and other information of interest can be searched via one searchable database for anyone to access. Council, Cabinet, committee and delegated powers reports are available on the website.
Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement.	The Council produces an Annual Governance Statement, which provides a self-assessment of compliance with the Framework and actions which need to be undertaken to address any governance or practice weaknesses identified. The statement is reported to the GARMS Committee.
Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate.	Included within Assurance and Barnet Group protocol arrangements.
Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon.	In place through Internal Audit and the tracking of recommendations via quarterly GARMS Committee reporting.
Gaining assurance on risks associated with delivering services through third	Via contract clauses within our contracts with Capita, CSG Re, BELS (Barnet Education & Learning Service) and the Barnet Group the council have the right of access to their

parties and that this is evidenced in the Annual Governance Statement.

records and internal audit reports. The council can also undertake our own audits of their systems and processes and this right is exercised, with protocol / liaison meetings in place to support this.

Chief Officer structure details accountability lines for services and portfolios of activity. Public accountability requirements are met via publication of committee information on the website, opportunities for public participation, consultation on key decisions, Freedom of Information requests and information on the Open Data Portal.



Audit Committee AGENDA ITEM 12

26 April 2023

Title	Corporate Anti-Fraud Team (CAFT) Annual Report 2022-23
Report of	Executive Director of Assurance
Wards	All
Status	Public
Urgent	Not urgent
Key	Not Key
Enclosures	Appendix 1 CAFT Annual Report 1 st April 2022- 31 st March 2023
Officer Contact Details	Clair Green Clair.green@barnet.gov.uk 0208 359 7791

Summary

This report covers the period 1st April 2022 to 31st March 2023 and represents an up-to-date picture of the work undertaken by Corporate Anti-Fraud Team (CAFT) during that time

Officers Recommendations

- 1. That the work of the Corporate Anti-Fraud Team referred to in the CAFT Annual Report for 2021-22 is acknowledged**

1. Why this report is needed

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

2. Reasons for recommendations

- 2.1 To acknowledge and review the work carried out by the CAFT in regard to the types of Fraud affecting the council during the financial year 2022-23

3. Alternative options considered and not recommended

- 3.1 None

4. Post decision implementation

- 4.1 Any decisions or requests for further information in relation to incidents of fraud will be logged for future audit committee meetings.

5. Implications of decision

5.1 Corporate Priorities and Performance

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

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

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

5.3 Legal and Constitutional References

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

- 5.3.2 The Council's Constitution outlines in article 7 - The Audit Committee's terms of

reference, details the functions of the Audit Committee including:

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

5.4 Insight

5.4.1 N/A

5.5 Social Value

5.5.1 N/A

5.6 Risk Management

5.6.1 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.

5.7 Equalities and Diversity

5.7.1 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

5.7.2 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.

5.8 Corporate Parenting

5.8.1 No issues in the context of this report

5.9 Consultation and Engagement

5.9.1 N/A

5.10 Environmental Impact

5.10.1 None in the Context of this report

6. Background papers

6.1 Audit Committee 16th June 2022 – Agenda Item 15 Work Programme [Work Programme 2022-23 Final.pdf \(moderngov.co.uk\)](#)

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Corporate Anti-Fraud Team (CAFT) Annual Report: 1 April 2022 – 31 March 2023

EXECUTIVE SUMMARY

This report is to provide a summary on the outcome of all CAFT work undertaken between 1 April 2022 and 31 March 2023, 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 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 CAFT is made up of four specialist investigation teams: The Corporate fraud Team, The Concessionary Travel Fraud Team, The Tenancy Fraud Team and the Financial Fraud Team (Proceeds of Crime)

The **Corporate Fraud Team** investigated **102** cases of alleged fraud. These investigations resulted in **5** cases being referred for disciplinary action, and **19** cases resulting in civil recovery action (**9** of these cases related to the Council Tax Support scheme with **£30,672.69** being identified for recovery and **10** cases relating to Council Tax Single Person Discounts with **£17,902.98** being identified for recovery). **2** Administrative Penalties were issued totalling **£1,436.09** relating to Council Tax Support Offences. There were **4** cases where Council applications were denied resulting in Council savings of **£46,674.04**, which related to 3 Covid Omicron Grants and 1 Insurance claim, and **1** case was concluded where a Council service was refused due to the CAFT investigation which related to Direct Payments.

The **Concessionary Travel Fraud Team** has investigated **247** cases relating to alleged Blue Badge misuse, fraudulent appeals for penalty charge notices (PCNs) and alleged parking permit fraud. These resulted in **13** successful criminal prosecutions, **50** Simple Cautions being administered, and **41** official warning letters being issued.

The **Tenancy Fraud Team** investigated **525** cases. **303** new referrals were received, **91** of these related to alleged Tenancy fraud, (**47** of these referrals were received from Barnet Homes with **3** cases relating to Open Door Homes properties). Over the course of the year the team were responsible for recovering **34** properties with an additional **4** properties being recovered where legal proceedings are on-going, this is an increase of **171%** from last year, where 14 properties were recovered. **15** Right to Buy applications were denied due to the applicants not being eligible to purchase the property under the scheme. In addition to this, Tenancy fraud officers prevented **20** new applications from proceeding due to the applicant not being resident at the property or where circumstances were established where they were not entitled to these services, this is a **100%** increase from last year (10 applications denied in 2021/22). The applications that were denied related to Assignment (3), succession (4), joint to sole (6), and mutual exchange (2) and Homeless Applications (5).

There have been **16 Financial Investigations under the Proceeds of Crime Act** carried out this year. **9** of these are on-going and recovery of confiscation orders continues. **2** cases were closed due to insufficient assets being available to continue, **1** case was closed due to insufficient evidence and **4** were closed as proceeds of crime recovered.

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

<p>Number of requests authorised for surveillance in accordance with Regulation of Investigatory Powers Act 2000 (RIPA).</p>	<p>0 this year This statistic is reported for information purposes in accordance with our policy and statistical return to the Office of Surveillance Commissioners.</p>
<p>Number of referrals received under the council's whistleblowing policy.</p> <p>In addition to this; -</p> <ul style="list-style-type: none"> • The WB hot line received 6 calls – most of which were fraud referrals passed to CAFT to investigate, one to another dept. • The WB email address received details of 21 different matters – none of which were WB but passed either to CAFT to investigate, or relevant dept or agency such as DWP/Police/Action Fraud/Care Quality etc) 	<p>1 this year – review underway <i>details of any WB matters will only be reported as appropriate on conclusion.</i></p>

National Fraud Initiative data matching exercises

The National Fraud Initiative (NFI) is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud and error. All local Authorities have a statutory duty to take part in this national exercise and as a result Barnet submitted a number of data sets to the Cabinet Office for matching against other public-sector data sets. In February 2023 this matching process returned **99** separate reports containing a total of **9,514** matches to Barnet

The process of working through these matches is that some are given out to the relevant service areas to update their systems with any potential anomalies, and some are dealt with within the CAFT team, for example Housing Tenancy matches, Blue Badge matches and any that relate to internal Fraud such as Payroll and Procurement matches. This work is still in progress. The Cabinet Office allows 18 months for the exercise to be completed with results being compiled and reported every 6 months.

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 offences that they identified during a number of street-based operations that were carried out.

Resident information Stalls were set up in Brent Cross Shopping Centre, Broadwalk Shopping Centre, and the West Hendon Community Hub where residents were able to engage with CAFT Officers and learn about the work of the team. This was also an opportunity for residents to provide intelligence and make fraud referrals to the Officers. CAFT were also 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 towards how and where to report fraud. During the street Operations, **3** fly-tipping offences were identified and reported to CST colleagues

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





Tenancy Audit Visits

385 Social Housing Properties were Identified as requiring a formal Tenancy Audit visit.;

198 Tenancy Audit Checks were fully completed **17** Cases were identified for further investigation

187 properties visited failed to contact the tenant so further visits will be conducted

Leaflets were also posted in Social Housing properties advising how to report tenancy fraud

CORPORATE FRAUD

There have been **102** cases dealt with in 2022-23 relating to Fraud against services provided by the Council or within Service Areas

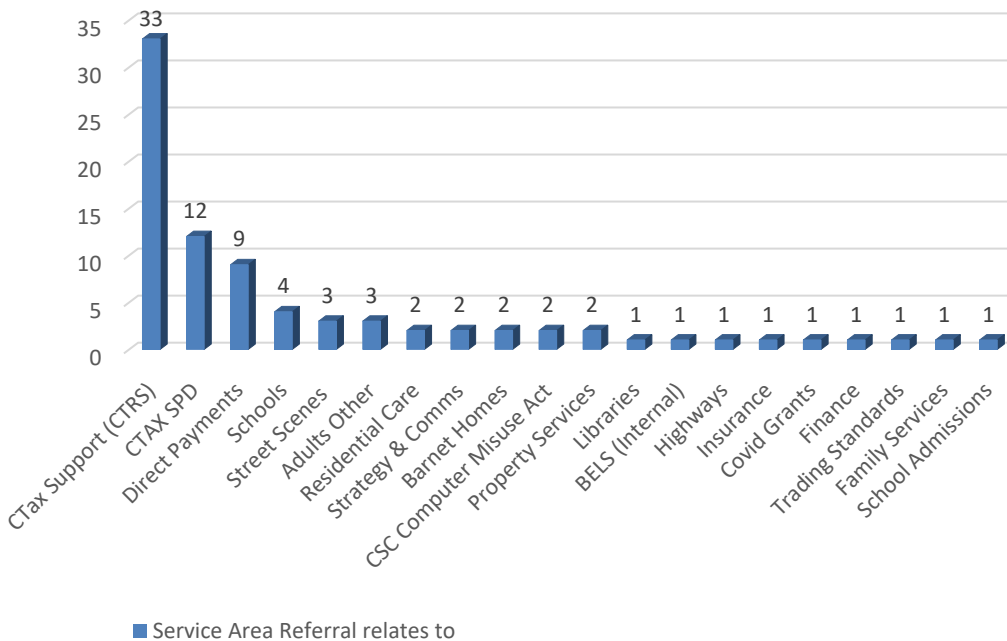
19 cases carried forward from 2021-22

83 New referrals received in 2022-23

63 cases were closed

39 on-going investigations

New Referrals received in 2022-23



This graph shows how the distribution of new fraud referrals has crossed a wide variety of Council services this year.

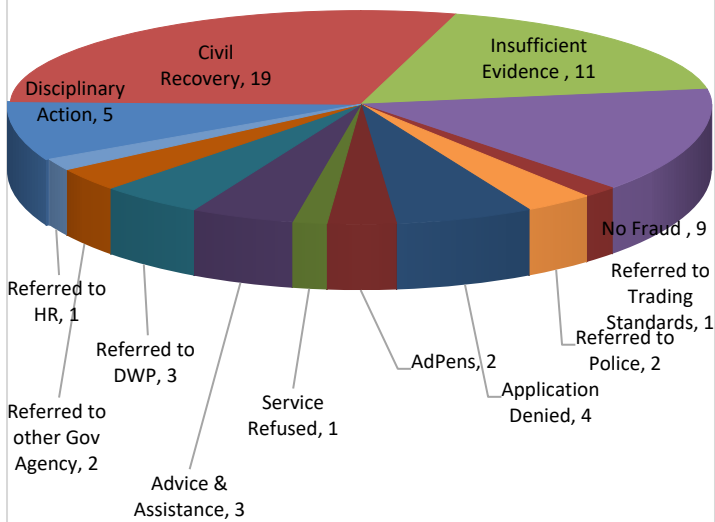
There has been an increase in referrals relating to staff employed by LBB who are also employed or conducting business elsewhere with **7** cases relating to this across different service areas

54% of new referrals related to Council Tax fraud.

Closed cases in 2022-23



CASE OUTCOMES



19 Civil Recovery

- 10 Single Person discounts (SPD) removed from Council Tax accounts resulting in **£17,902.98** to be recovered
- 9 relate to Council Tax Reduction Scheme (CTRS) **£30,672.69** identified for recovery

5 Disciplinary Action

4 Applications Denied



2 Administrative Penalties £1,436.09 *see noteworthy cases



1 Service refused

11 Insufficient Evidence

9 No Fraud

3 Advice & Assistance

3 Referred to DWP

2 Referred to other Government Agency

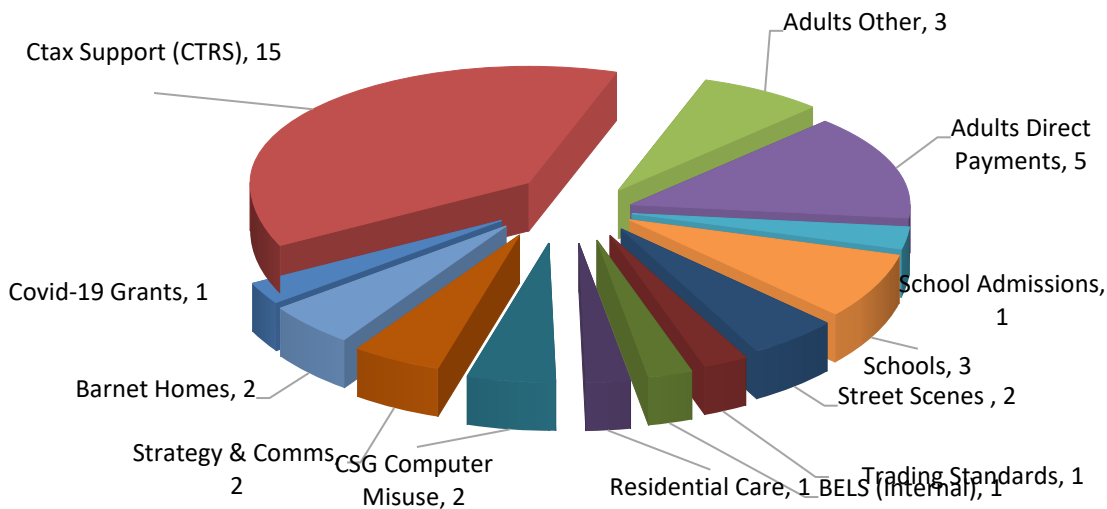
2 Referred to Police (following recovery of £24,656)

1 Referred to Trading Standards

1 Referred to HR

On-going investigations

AREAS OF INVESTIGATION FOR ON-GOING CASES



- 15 Council Tax (CTRS)
- 5 Adults Direct Payments
- 3 Adults Other
- 3 Schools
- 2 Street Scenes
- 2 CSG (Computer Misuse)
- 2 Strategy & Comms
- 2 Barnet Homes
- 1 BELS (internal)
- 1 Covid-19 Grants
- 1 School Admissions
- 1 Trading Standards
- 1 Residential Care

3 cases are currently with our legal team awaiting prosecution

1 relates to Direct Payment Fraud

1 relates school admissions fraud

1 relates to CTRS offences

National Fraud Initiative (NFI)

The National Fraud Initiative (NFI) is a data-matching exercise currently conducted for the sole purpose of detecting and preventing fraud at large. It is operated by the Cabinet Office under its statutory data matching powers set out in the Local Audit and Accountability Act 2014 (the 2014 Act)

After submitting a number of required data sets to the Cabinet Office in October and November 2022, Barnet council received **99** separate reports containing a total of **9,514** matches.

These matches will be worked on by a number of departments across the council in conjunction with officers from the CAFT. The results of these assessments and any subsequent investigations will be reported in the CAFT quarterly reports over the next 18 months

Noteworthy Corporate Cases

Case 1 – An anonymous referral had been received alleging that a Council member of staff had been using a London Borough of Barnet caged vehicle for personal use to dispose of waste from his own property outside of working hours. Witness statements and vehicle tracking evidence was obtained confirming that a member of Street Scenes had used an LBB vehicle and taken it to his home address. Photographs show waste being loaded on to the van. The employees Manager had not given him permission and had advised on a previous occasion that he could not use the vehicle for such purposes. He was interviewed under caution for an offence of Taking without Consent, contrary to the Theft Act. He gave a prepared statement advising that another Supervisor had allowed him to use the vehicle. The Supervisor was also interviewed and admitted allowing him to 'borrow' the van to move house. Due to this, the criminal case could not be pursued, however the case was passed to the service to commence disciplinary proceedings against both members of staff. Taking a vehicle and using it for personal use is against Council Policy and has financial, reputational and insurance implications. Recommendations have been submitted to the service in order to tighten up the process of using work vehicles.

Case 2 – Mr A was receiving Council Tax Support due to being in receipt of a low income. The benefits team had highlighted that Mr A had a second income that he had failed to declare. An investigation commenced for a failure to promptly notify the Council of this change. This resulted in an overpayment of council tax support of **£872.18**. CAFT issued an Administrative Penalty to Mr A resulting in him paying a penalty amount of **£436.09** as well as the overpaid council tax support. A further case similar to the above was concluded with an Administrative Penalty being issued amounting to **£1,000**.

Case 3 – CAFT commenced an investigation following a referral from the adult's finance department. The Council had become victim to a mandate Fraud where the suspect had intercepted emails and requested a change of bank details for a supplier (care home). All of the due diligence checks were carried out but this was a sophisticated fraud involving them taking on the identity of the care home and **£24,656** was paid out as a result. CAFT identified the bank account where the funds were paid and took steps to recover the money after the bank had highlighted the transaction as suspicious. The evidence gathered by CAFT was referred to the banks fraud team and the Police to commence criminal action against the fraudsters who had supplied false addresses to open the account. There was no loss to Barnet due to the funds being recovered by CAFT.

Case 4 – A referral was received from a member of the public alleging that an LBB member of staff had been collecting construction waste for builders in exchange for cash payments. The member of the public had asked the employee how much it would cost to take a cabinet of his (thinking that the Council would charge for the service) and the member of staff had allegedly confirmed he would take the waste for £70, when questioned that this amount differed to the council website he allegedly told him that the Council would take weeks. He provided his mobile telephone number to the member of the public in case he changed his mind. This was reported to the Street Scenes Service and the Fraud Team were alerted. Photographs were taken of the employee loading waste from within a private property boundary into his van, although his job role was to collect fly tips. This property was also off his normal route. Witness statements and other evidence was collated, and the employee was interviewed under caution. He denied collecting waste for money and had claimed that he thought the rubbish behind the garden wall was a fly tip from the public pavement. He had claimed to have not spoken with the person who made the allegation, although he confirmed that he had his telephone number. Other evidence showed that the amount of waste he was disposing of was in excess of his usual scheduled work routine. The case was referred to the service to commence disciplinary proceedings. The employee had resigned during this process.

Case 5 – 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 **9 SPD** investigations this year similar to those above resulting in the removal of a single person discount identifying an amount of **£16,529.43** which is in the process of being recovered.

CONCESSIONARY TRAVEL FRAUD

This section details the investigation of Blue Badge Misuse, 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 **247** cases dealt with in 2022-23 relating to Concessionary Travel Fraud

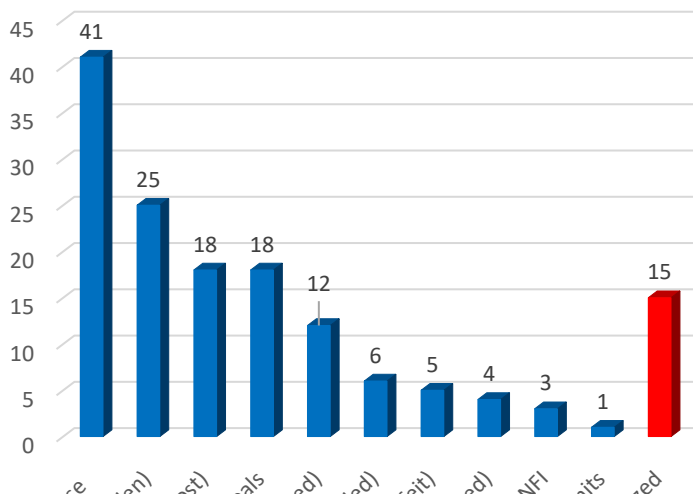
114 cases carried forward from 2021-22

133 New referrals received in 2022-23

199 cases were closed in 2022-23

48 on-going investigations

New Referrals received in 2022-23

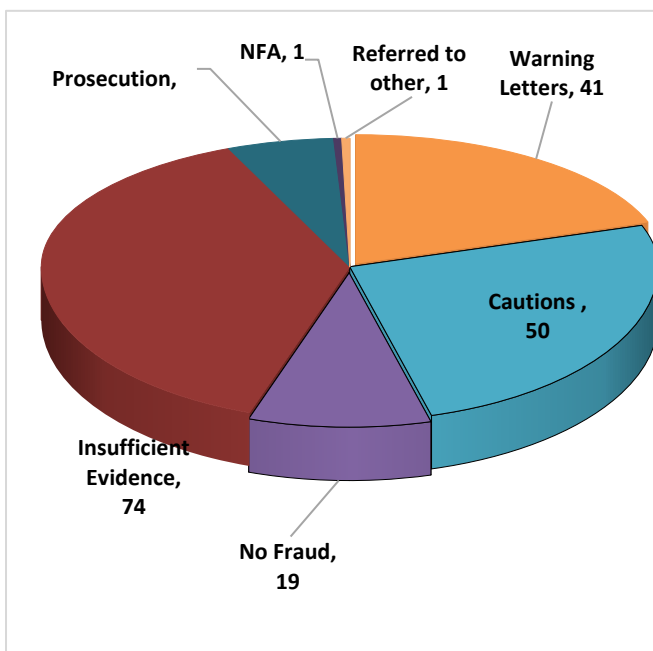


The highest number of referrals related to blue badge misuse / fraud in the area of **Golders Green** with this accounting for **17.2%** of all new referrals received this year. The next highest areas of misuse occurred in **Finchley Church End** with **15%** of new cases in this area

36% of all new cases related to the use of **lost, stolen and counterfeit** blue badges

Hendon has been identified as an area of concern with the highest use of **stolen** badges across the Borough

Closed cases in 2022-23



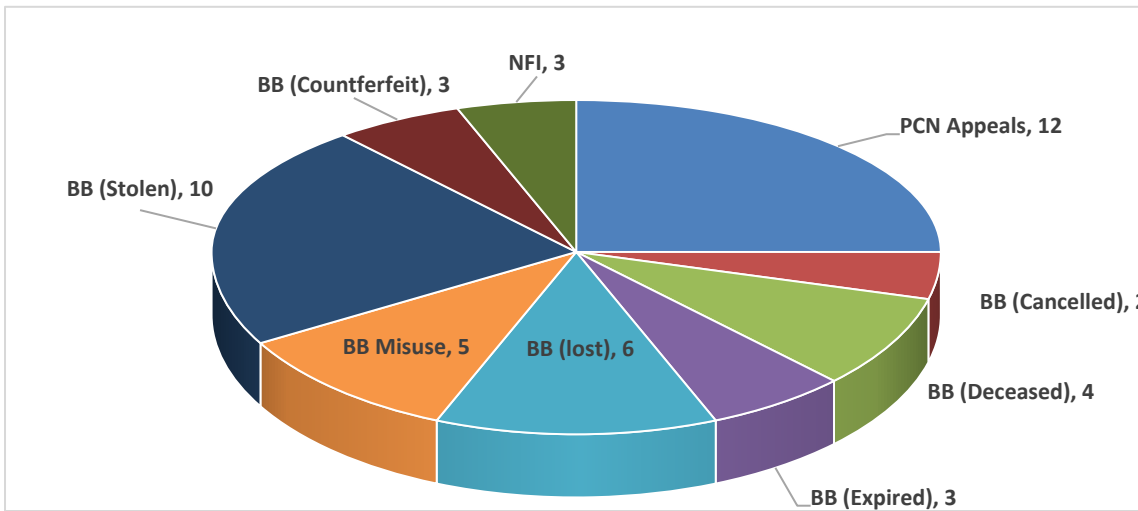
Outcomes

- 13** Prosecutions  (costs recovered £8,680.26) (Court fines issued £5,393)
- 50** Cautions  (total costs recovered £1,229.35)
- 41** Warning Letters 

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

- 74** Insufficient Evidence
- 19** No Fraud
- 1** NFA (not in public interest)
- 1** referred to another Borough

On-going Investigations



2 cases are with our legal team for prosecution

1 relates to the use of a deceased person's badge

1 relates to the use of a stolen badge

National Fraud Initiative (NFI)

Reports relating to **Concessionary Travel** in the current NFI exercise identified **976** matches such as blue badges where the badge holder is deceased or where they hold more than one blue badge.

All cases relating to deceased badge holders have been cancelled on the system and those relating to more than one blue badge being held are being investigated.

50 Simple Cautions were administered by the CAFT in 2022-23

Following investigative interviews under caution, the circumstances of these cases allowed CAFT to consider them to be dealt with by way of the administration of a Simple Caution. All of the cases that were cautioned related to instances of straight forward misuse that took place. These include situations where errands were being run by family members on behalf of the badge holder such as the collection of medication or food. The offenders stated that they had the badge holder's permission and believed that the badge could be used for such action. However, when the Blue Badge scheme was explained to them, they realised that their actions fell outside of what was permitted. In such cases and in accordance with our policy the council can issue a simple caution rather than pursue the matter through the courts.

Noteworthy Concessionary Travel Cases

Case 1 – relates to the use of a stolen disabled badge. The offender admitted to the misuse during an interview after initially denying any wrongdoing at the roadside. The offender attended court where she pleaded “not Guilty” to the offence and the matter went to trial. During the trial she gave yet another version of events but was found guilty by the magistrate and was sentenced to a fine of £670, ordered to pay costs of £1,500 and a victim surcharge of £67.

Case 2 - Mr R had made numerous appeals between 22nd May 2019 and 4th July 2022 in relation to PCN's (Penalty Charge Notices) that had been placed on his work vehicle. His appeals would each time state that he was making a delivery in connection with his business at an address in the road where the PCN was issued, and he would produce delivery notes to support his appeals. Investigations confirmed that none of the alleged deliveries had taken place and that the supporting documentation had been produced by Mr R Solely for the purpose of having the penalty charge cancelled. Mr R was interviewed by CAFT officers and admitted to his wrong doing. Mr R was prosecuted for Fraud by False representation contrary to Section 2 Fraud Act 2006 and with Making or supplying articles for use in fraud contrary to section 7 of the same act. He was sentenced to pay £1,200 in compensation, £500 towards costs and a fine of £448

Case 3 – A vehicle was observed by CAFT officers displaying a disabled persons Blue badge however, when checked, it was confirmed that the badge had been reported as “stolen” by the badge holder. The driver returned to the vehicle and was spoken to by officers who then seized the badge. The driver was subsequently interviewed under caution and stated that she had found the badge near to her place of employment and had gone on to use it for her own benefit. She stated she had been ignorant by using it and didn’t realise that it was such a serious offence. The offender was prosecuted for the offence of misusing a disabled badge contrary to the Road Traffic Regulation Act 1984. She pleaded guilty by post and was sentenced to a fine of £530, ordered to pay costs of £776.99 and a victim surcharge of £213.

Case 4 – A vehicle was observed by CAFT officers in Mill Hill during an on-street operation, checks on the Badge being displayed confirmed it as being reported “stolen” by the badge holder. No driver was identified at the time, so an investigation was carried out to confirm the registered keeper Who was then invited to attend an interview under caution. During the interview the vehicle owner stated he was given the badge to use by an acquaintance, so he took the opportunity to use it outside of his home and to park near public transport links. He was prosecuted for the offence of misusing a disabled badge contrary to the Road Traffic Regulation Act 1984. He pleaded guilty and was sentenced to a fine of £880, ordered to pay costs of £930.13 and a victim surcharge of £352.

Case 5 – An anonymous referral was received giving details of a vehicle and its location, where a blue badge was believed to be being used illegally. The location of the suspects work address was also given, which was on the same road. A visit to the location by CAFT officers identified the vehicle with the badge on display., System checks on the badge confirmed that it had a status of “stolen” on the blue badge database. Following up on the information given in the referral, CAFT officers were able to locate the driver of the vehicle, who worked in a nearby shop., She was cautioned, and the badge was seized. During a formal interview under caution, she stated someone she gave a lift to had left the badge in her car and after researching what it could be used for, she took the decision to use it for her own benefit to park close to her place of work. The offender was prosecuted for the offence of misusing a disabled badge contrary to the Road Traffic Regulation Act 1984. She, pleaded guilty and was sentenced to a fine of £200, ordered to pay costs of £500 and a victim surcharge of £80.

In addition to the above there were **8** other cases that were prosecuted under similar circumstances which resulted in similar outcomes

TENANCY FRAUD

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

There have been **525** cases dealt with in 2022-23 relating to Tenancy Fraud

103 cases carried forward from 2021-22

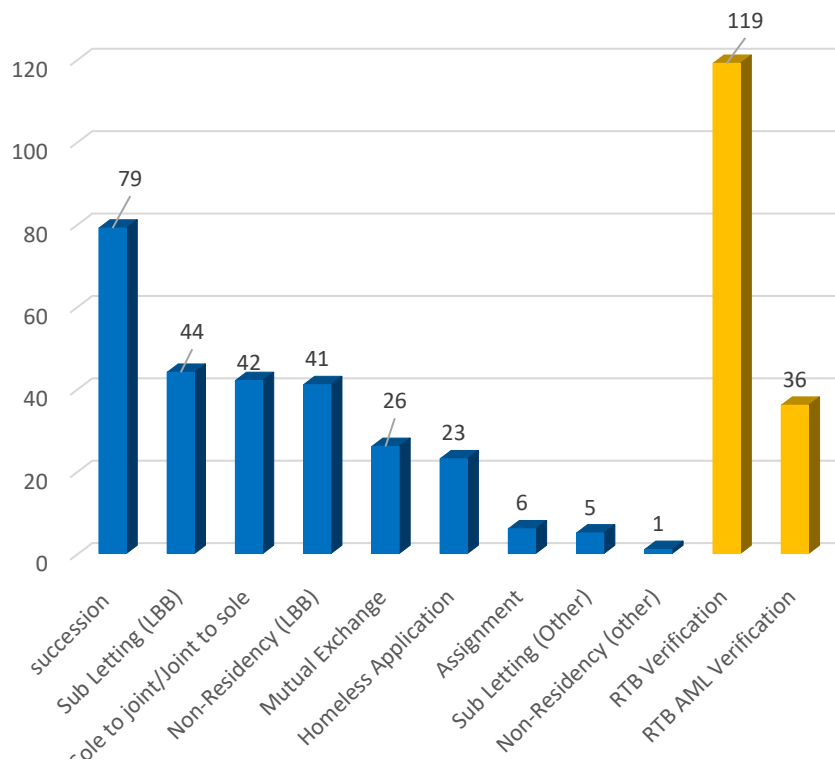
303 New Fraud referrals received in 2022-23

119 Right to buy applications for verification

420 Cases were closed in 2022-23

105 on-going investigations

New Fraud Referrals / RTB Verification Requests received in 2022-23



The majority of new tenancy fraud referrals related to properties in North and South Colindale wards with a total of **15.3%** of new cases in those areas.



Closed cases in 2022-23

26 Properties Recovered (Keys Returned)

7 Properties Recovered (Civil Recovery) (Court Costs £2,547)

1 Prosecution (including property recovery) (Compensation £1,595)

15 RTB Application Cancelled

1 Not in Public Interest

132 Applications verified

3 Assignment Application denied

2 Mutual exchange Application denied.

4 Succession Application denied.

110 Right to Buy Applications Verified

5 Homeless Application denied

12 RTB AML checks not satisfied.

6 Sole to joint Application denied.

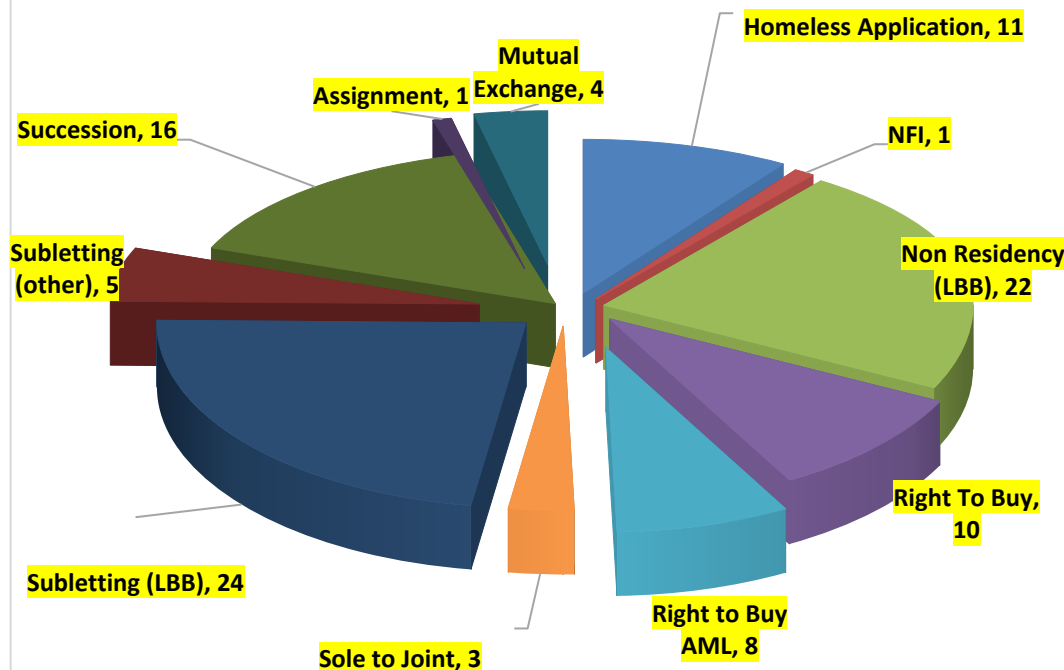
1 Referred to DWP

19 Insufficient Evidence

76 No Fraud identified (**33** relate to AML checks)**49**

On-going Investigations

AREAS OF INVESTIGATION FOR ON-GOING CASES



- 24 Subletting (LBB)
- 22 Non-residency (LBB)
- 16 Successions
- 11 Homeless Applications
- 10 Right to Buy
- 8 RTB AML
- 4 Mutual Exchange
- 5 Subletting (other)
- 2 Sole to joint tenancy application
- 1 NFI
- 1 Assignment

As a result of CAFT investigations **15** 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 **£1,743,000**.

34 properties (1 Studio, 13 x 1 bed, 10 x 2 bed, 9 x 3 bed and 1 4 bed) were recovered during 2022-23. This equates to a saving in temporary accommodation costs of **£1,011,663**.
A further **4** properties were recovered where legal proceedings are on-going.

22 Cases are with legal.
11 of which are awaiting civil action.
2 are for both civil and criminal action.
4 prosecution cases for sub-letting.
1 prosecution for a false housing application
4 possession orders granted by the court awaiting eviction dates.

Case 1 – From Q1 - Mr M had a two-bedroom flat in Barnet, an investigation started due to a succession application made by Mr M. On this application he stated he was the partner/carer of the deceased tenant. The resulting CAFT investigation found that Mr M was the lodger/carer not the partner. The case was referred to legal for civil proceedings where a possession order was granted on 23 December 2021, an eviction was carried out on 4 May 2022. There was not enough evidence to consider criminal proceedings and therefore the recovery of the property is the best outcome.

Case 2 – From Q1 - Mr G had a three-bedroom house in Barnet, an investigation started due to a referral from Barnet Council's Missing in Education department, this stated they had received information from the school of the tenant's children stating they had moved to Romania. Evidence obtained following the investigation found that the family had travelled to Romania on 1 August 2021, there were no return flights booked showing there was no intention to return. Further evidence showed the tenants brother was financially linked to the social housing property. A Notice Seeking Possession Order was served, the tenant received this and flew back to the UK to be interviewed under caution where he denied sub-letting the property to his brother. However, did admit travelling to Romania and not informing Barnet Homes. The tenant returned the keys, and the property was recovered. Due to the tenant still living in Romania there is no prospect of a prosecution.

Case 3 – From Q1 - Mr S rented a three-bedroom house in Barnet, a CAFT investigation started following an allegation that the succession application Mr S provided was false and had not lived in the property for the prescribed 12 months to allow him to succeed from his father who had passed away. Evidence obtained during the investigation found the applicant had a private tenancy elsewhere and had not been living at the tenancy address. Mr S attended an interview under caution where he denied completing a false application, he claimed that although he did have a private tenancy elsewhere, he had never moved in. The matter was passed to legal for civil and criminal proceedings, Mr S returned the keys to the social housing property two days before the civil hearing and their property was recovered. On the day of the criminal trial, he changed his plea to guilty under the Fraud Act 2006, he was sentenced to 150 hours unpaid work, the court was informed Mr S had savings of over £30,000, however was ordered to pay compensation of £1595.

Case 4 – From Q2 - Ms B had a two-bedroom flat in East Finchley, a CAFT investigation was started due to a referral received from a Barnet Homes Housing Officer, they had received information from a neighbour of tenant stating she was not resident and was allowing her son to live at the property. The resulting investigation found that the tenant had been living in the Islington area for at least 12 months. The tenant was interviewed under caution where she at first denied the allegation, however when showed the evidence she admitted she had been living with her mother in Islington. There was no evidence of sub-letting, therefore no prospect of a prosecution. The tenant returned the keys, and the property was recovered.

Case 5 – From Q2 - Mr M had a two-bedroom house in Mill Hill. The investigation started due to a succession application received by the London Borough of Barnet. The applicant wished to succeed the tenancy to his father's property. Evidence obtained following the investigation suggested the applicant was in fact living in Birmingham and not eligible to succeed the tenancy. The applicant was asked to attend an interview under caution, however once disclosure had been given to his solicitor the keys were returned and the property recovered. Prosecution has been considered; however, the applicant had stated on the form he lived at both properties and therefore difficult to prove he has made a false representation. With this in mind the recovery of the property was the best outcome.

Case 6 – From Q2 - Mr H had a one-bedroom flat in Colindale, an investigation started due to a referral received from Barnet Council's Gas Safety Team. They stated despite writing to the tenant and carrying out numerous visits there was never any reply and were unable to gain entry. Therefore, a forced entry took place, the locks were changed, and a notice was put on the door for the tenant to contact Barnet Homes to collect the keys, however they had not received any contact from him, and the property remained empty. The resulting CAFT investigation found that the tenant was living in Sheffield and had been for 9 months. The tenant was written to at his new address requesting he relinquish the tenancy; he signed and returned a Notice of Termination of Tenancy form and the property was recovered. Prosecution was considered, however due to a number of mitigating circumstances it was felt it was not in the public interest and the recovery of the property was the best outcome.

Case 7 – From Q3 - 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 8 – From Q3 - 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 9 – From Q3 - 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 10 – From Q4 - Ms D had a four-bedroom house in Finchley Central, a CAFT investigation started due to a referral received from a housing officer of Barnet Homes. The referral stated they had been unable to make contact with the tenant for some time, when they conducted a visit, a non-dependant was there and wanted Barnet Homes to make an appointment to see the tenant, the allegation suggested that the tenant was not resident and was sub-letting to a family member. The investigation identified evidence confirming that the tenant had been living abroad since 4 January 2020 and allowing her family members to reside in the social housing property. The matter went to civil court where an outright possession order was granted, the eviction took place and the property was recovered.

Case 11 – From Q4 - Ms I had a three-bedroom house in East Finchley, an investigation was started by CAFT due to a Mutual Exchange application received from Barnet Homes. The following verification checks showed that the tenant's husband held a mortgage at a property in Milton Keynes. The investigation found evidence that the tenant was living at the property in Milton Keynes. The tenant was interviewed where she claimed to live in both properties. However once notices were served the keys were handed back and the property was recovered.

Case 12 – from Q4 - Miss N had a three-bedroom flat in East Finchley, a CAFT investigation started following a referral received from the caretaker of the tenancy address. He stated he had spoken to the daughter of the tenant who had said she was picking up post for her mother, the caretaker believed the tenant was not resident and other people were living there. The following investigation and evidence obtained found the tenant had been living elsewhere for a number of years, the evidence also suggested the property had been sub-let, however there was insufficient evidence to take the matter for criminal prosecution, However, the tenant returned the keys before the matter was dealt with via the civil courts 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 **16** cases dealt with in 2022-23 relating to financial investigation

12 cases carried forward from 2021-22

4 New FI Cases opened in 2022-23

7 FI cases closed in 2022-23

9 on-going FI investigations

Closed cases in 2022-23

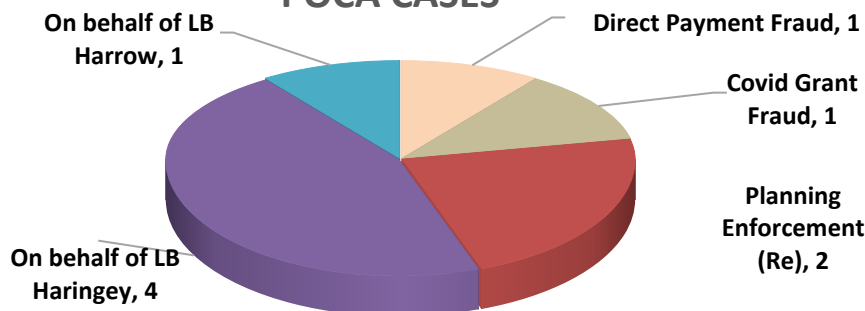
4 Proceeds Recovered  *see noteworthy cases

2 Insufficient Assets

1 Insufficient evidence

On-going investigations

AREAS OF INVESTIGATION FOR ON-GOING POCA CASES



4 On behalf of LB Haringey
2 Planning Enforcement
1 On behalf of LB Harrow
1 Covid Grant Fraud
1 Direct Payment Fraud

Under the Government's 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 had local agreements in place with Re and other Local Authorities with regard to each investigation, therefore some of this share is split further dependent on the agreement in place. For POCA cases relating to LBB services the full 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 year amounts to **£422,178.26**. £68,426.16 of this is to be paid to other local authorities as per MOUs. LBB to retain **£353,752.10**. These amounts are part recoveries of planning cases from Haringey Council and Barnet planning cases. The details of these cases will be reported once the financial recoveries are completed.

Noteworthy Financial Cases:

Op Kukri relates to partnership working with the London Borough of Haringey's planning department. The defendant had failed to comply with the requirements of a planning enforcement notice at two properties to which he owned. At both addresses the defendant unlawfully converted the properties into self-contained flats. The defendant attended Wood Green Crown Court where he pleaded guilty to both charges. The proceeding financial investigation found that the defendant had received approximately £119,000 in rent derived from the proceeds of his crime. On 15th September 2021 the Crown Court made a Confiscation order in the sum of **£100,000**, the defendant was fined £12,000 and ordered to pay costs of £4,500.

- **Op Kukri:** confiscation order amount £100,000 (37.5% split = £37,500 – 7.5% top slice (Administration) = £34,687.50 Under the POCA joint working agreement with Haringey, 10% of the confiscation order amount awarded is retained by LBB plus the costs to carry out the investigation = £10,400 for LBB and £24,287.50 for Haringey

Op Real relates to relates to a planning investigation involving the Proceeds of Crime Act for the rental income derived as a result of a breach of a planning enforcement notice whereby the defendant converted a property, he owns into 4 flats which he went on to rent out in order to make a profit without having obtained the correct planning permission for the conversion of the property into individual dwellings. The defendant failed to attend court hearings in relation to the planning enforcement offence and so a warrant was issued for his arrest. The Council had submitted evidence that the offender had absconded and as such commenced proceedings under section 28 of the Proceeds of Crime Act which allows the court to consider confiscation where an offender is neither convicted nor acquitted. The lengthy investigation involved gathering evidence that the offender was absconding criminal proceedings and calculating income derived from the proceeds of crime generated from the renting of the flats. On 12th March 2019 at Harrow Crown Court, the judge found that the criteria were met for making the confiscation order in the absence of the defendant for **£223,751.31** The property was sold, and the confiscation order was paid in full, and the matter was therefore closed this year.

- **Op Real:** confiscation order amount £223,751.31 (37.5% split = £83,906.74 – 7.5% top slice (Administration) = £77,613.74. The confiscation order amount awarded is retained by LBB plus the costs to carry out the investigation.

Op Vantage relates to a planning matter whereby Mr K, the owner of the property converted it into a number of individual dwellings without planning permission and subsequently rented the accommodation it to a number of tenants, charging each of them individually for rent. Mr K was prosecuted for breaching an enforcement notice that had been served on him requiring him to return the property to a single dwelling, a confiscation order was made initially for the sum of £270 , as Mr K relied on a previous unrelated court case of a similar nature to argue that the offence had only been committed for a period of one day, relying on the wording of the summons to support his argument. London Borough of Barnet took the matter to the court of appeal and won, resulting in a new confiscation hearing taking place, at which the court awarded a new confiscation order to the sum £499,363. Mr K has now paid the confiscation order in full, and the matter was closed this year.

- **Op Vantage:** Confiscation order amount £499,363 (37.5% split = £187,261.13 – 7.5% top slice (Administration) = £172,216.54 to be retained by LBB.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

AGENDA ITEM 14

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