

MEETING

AUDIT COMMITTEE

DATE AND TIME

THURSDAY 15TH SEPTEMBER, 2022

AT 7.00 PM

VENUE

HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4BG

TO: MEMBERS OF AUDIT COMMITTEE (Quorum 3)

Chair: Councillor Arjun Mittra (Chair)

Vice Chair: Councillor Edith David

Councillors

Humayune Khalick

Rohit Grover

Alex Prager

Paul Lemon

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 12 September 2022 by 10AM.

Requests must be submitted to Paul Frost 020 8359 2205 paul.frost@barnet.gov.uk

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

Andrew Charlwood – Head of Governance

Governance Services contact: Paul Frost 020 8359 2205 paul.frost@barnet.gov.uk

Media Relations Contact: Tristan Garrick 020 8359 2454

ASSURANCE GROUP

ORDER OF BUSINESS

Item No	Title of Report	Pages
1.	Minutes of last meeting	5 - 10
2.	Absence of Members (If any)	
3.	Declaration of Members' Disclosable Pecuniary interests and Other interests (If any)	
4.	Report of the Monitoring Officer (If any)	
5.	Public Question and Comments (If any)	
6.	Members' Items (If any)	
7.	Update on the Audit of the 2020.21 Statement of Accounts	11 - 16
8.	External Audit Plan 2021-22	17 - 20
9.	Grants Certification Work Report 2020.21	21 - 24
10.	Annual Report of the Audit Committee 2021-22	25 - 40
11.	Internal Audit Exception Recommendations Report and Q1	41 - 94
12.	Audit Committee Cover Report CAFT Q1 2022-2023	95 - 110
13.	Work Programme 2022-23	111 - 114
14.	Any item(s) the Chairman decides are urgent	

FACILITIES FOR PEOPLE WITH DISABILITIES

Hendon Town Hall has access for wheelchair users including lifts and toilets. If you wish to let us know in advance that you will be attending the meeting, please telephone Paul Frost 020 8359 2205 paul.frost@barnet.gov.uk. People with hearing difficulties who have a text phone, may telephone our minicom number on 020 8203 8942. All of our Committee Rooms also have induction loops.

FIRE/EMERGENCY EVACUATION PROCEDURE

If the fire alarm sounds continuously, or if you are instructed to do so, you must leave the building by the nearest available exit. You will be directed to the nearest exit by Committee staff or by uniformed custodians. It is vital you follow their instructions.

You should proceed calmly; do not run and do not use the lifts.

Do not stop to collect personal belongings

Once you are outside, please do not wait immediately next to the building, but move some distance away and await further instructions.

Do not re-enter the building until told to do so.

This page is intentionally left blank

Decisions of the Audit Committee

16 June 2022

Members Present:-

AGENDA ITEM 1

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

Councillor Humayune Khalick Councillor Alex Prager
Councillor Rohit Grover Councillor Anne Hutton (substitute for
Paul Lemon)

1. MINUTES OF LAST MEETING

Prior to the consideration of the minutes the Chair welcomed everyone in attendance to the first meeting of the municipal year for 2022/23. The Chair gave thanks to Councillor Grover who had previously Chaired the Audit Committee on the way he had conducted meetings.

RESOLVED that the minutes of the meeting dated 14 February 2022 be agreed as a correct record.

2. ABSENCE OF MEMBERS (IF ANY)

Apologies were received from Councillor Paul Lemon who was substituted by Councillor Anne Hutton.

Apologies were also received by independent Members Richard Harbord and Geraldine Chadwick

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

Councillor Anne Hutton made a non-disclosable declaration during item 9. She noted that she was in receipt a pension from the Barnet Teachers' Fund. Councillor Hutton took part in the consideration and determination of the report.

4. REPORT OF THE MONITORING OFFICER (IF ANY)

None.

5. PUBLIC QUESTION AND COMMENTS (IF ANY)

None.

6. MEMBERS' ITEMS (IF ANY)

None.

7. EXTERNAL AUDIT PLAN 2021-22

The Council's Executive Director of Resources and S151 Officer noted that the BDO representative, Mr Michael Asare Bediako, was in attendance to update to the Committee on the progress of the audit which he duly did. He provided comments in regard to why delays had occurred. The Council's Executive Director of Resources and S151 Officer requested that a plan be submitted to the Council from BDO in order to identify what actions and timeline BDO were working to.

Councillor Prager noted his frustrations and stated that the delays in producing the required works were unsatisfactory. He added that the Committee had received similar updates at meetings and he outlined his concerns of further delays and questioned if BDO were able to submit their reports to the next meeting. He requested that a plan be provided as a way of an update for the Committee.

The Chair thanked Mr Michael Asare Bediako for his update.

The Committee had the opportunity to consider the report.

Resolved:

The Audit Committee noted the delay to the production of BDO's audit plan for 2021/22.

8. GRANTS CERTIFICATION WORK REPORT 2020.21

The Assistant Director of Finance – Resources introduced the report. She noted that the purpose of the report was to update the Committee on the progress of the external auditors work in respect of the certification of grants for 2020/21.

The Committee had the opportunity to consider the report.

Resolved:

1. That the Committee noted the completion of the certification of the Capital Receipts Pooling Return and the Housing Benefit Subsidy;
2. That the progress on the Teachers' Pensions Audit be noted by the Committee; and
3. That the Committee resolved not to request any additional information.

9. UPDATE ON THE CLOSURE OF THE 2020.21 STATEMENT OF ACCOUNTS

A BDO representative, Mr Michael Asare Bediako, was in attendance to update to the Committee on the progress of the audit which he duly did. The Committee were informed that the External Audit report was not available and noted the delays encountered as highlighted in the report.

The Committee had the opportunity to consider the report.

Resolved:

1. That the Committee noted the measures that the government is taking to help tackle audit delays and the impact on audit deadlines.
2. That the committee noted the factors that are delaying the sign off of the council's 2020/21 Statement of Accounts.

10. ANNUAL GOVERNANCE STATEMENT 2021/22 AND CODE OF CORPORATE GOVERNANCE 2022/23

The Head of Governance gave an overview of the report and requested that the committee give approval for the Annual Governance Statement 2021/22 to be included alongside the Statement of Accounts.

The Committee had the opportunity to consider the report.

Resolved:

1. That the Committee approved the Annual Governance Statement for inclusion within the Statement of Accounts for 2021/22 as set out in Appendix A of this report.
2. That the Committee noted the Code of Corporate Governance 2022/23 as set out in Appendix B and note that Full Council will be requested to approve the Code for incorporation into the Constitution.

11. INTERNAL AUDIT EXCEPTION RECOMMENDATIONS REPORT AND Q4 PROGRESS REPORT

The Head of Internal Audit introduced the report. She outlined the progress against internal audit recommendations and work completed to date on the Internal Audit Plan 2021-22 and high and medium priority internal audit recommendations.

The Committee had the opportunity to ask questions and in doing so the reporting timeline was discussed and confirmed.

The Committee had the opportunity to consider the report.

Resolved:

That the Audit Committee noted the work completed to date on the internal audit Q4 report – 1st January to 31st March 2022.

12. AUDIT COMMITTEE REPORT - IA OPINION 2021-22

The Head of Internal Audit introduced the report. She outlined the progress against internal audit recommendations and work completed on the Internal Audit Plan 2021-22.

The Chair noted that the work completed by the internal audit team has been very good. He gave thanks to the Head of Internal Audit on behalf of the committee.

Councillor Prager said that often Members hear the areas for improvement and therefore it was important to pay attention to the good work that had been carried out and documented in the report.

The Committee had the opportunity to consider the report.

Resolved:

That the Committee noted the contents of the Annual Internal Audit Opinion 2021- 22

13. INTERNAL AUDIT & CAFT PLAN 2022 - 23

The Executive Director of Assurance introduced the report and gave an overview of appendix A.

The Committee had the opportunity to consider the report.

Resolved:

That the Committee approved the Internal Audit and CAFT Annual Plan for 2022- 23 as highlighted in appendix A

14. CORPORATE ANTI-FRAUD TEAM (CAFT)

The Assistant Director for Counter Fraud, Community Safety & Protection introduced the report. He gave an outline for the period 1st April 2021 to 31st March 2022.

Councillor Grover noted that there may be economic volatility and sought assurance that the CAFT team were able to respond to fraudulent activity as it occurred. The Executive Director of Assurance said that there were internal controls and a risk based CAFT plan. She added that Officers were able to proactively work in collaboration with other services to implement robust plans across the organisation.

The Committee had the opportunity to consider the report.

Resolved:

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

15. WORK PROGRAMME 2022-23

The Chair note the need of an additional meeting in September.

Resolved:

That the Work Programme be noted

That the attending Governance Officer be instructed to confirm an additional meeting in September.

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

None.

The meeting finished at 20:18

This page is intentionally left blank

	<p>AGENDA ITEM 7</p> <p style="text-align: center;">Audit Committee 15th September 2022</p>
Title	Update on the audit of the 2020/21 Statement of Accounts
Report of	Executive Director of Strategy and Resources
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – update from BDO (to follow)
Officer Contact Details	Anisa Darr – Executive Director of Strategy and Resources Anisa.Darr@Barnet.gov.uk 020 8359 7634

Summary

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.

Not 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 are three outstanding audit queries relating to Property, Plant and Equipment which officers are aiming to get these resolved by the end of September. There is also an on-going 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, following the advice of the Task and Finish Group, CIPFA LASAAC proposed a temporary solution, including proposals to:
 - confirm the accounting consequences of derecognition, i.e. that the effect on the carrying amount is nil (on the presumption that replaced parts are fully depreciated)
 - temporarily adapt the code to remove the reporting requirements for gross historical cost and accumulated depreciation
 - provide extra guidance on how depreciation may be applied for infrastructure assets

- 1.4 The CIPFA LASAAC Local Authority Code Board announced an urgent consultation on temporary proposals to update the Code of Practice on Local Authority Accounting in the United Kingdom to address the issue. The consultation ended on 14th June 2022 however it was not able to agree an approach that addressed the concerns of all stakeholders while also supporting high quality financial reporting.
- 1.5 CIPFA and CIPFA LASAAC considered that a sector wide approach to resolution of the reporting of highways infrastructure assets should be sought and further consultation with key stakeholder groups will take place.
- 1.6 They have advised that they will aim to consult in the Summer of 2022 with resolution by Autumn 2022 and we are still awaiting the outcome of this decision.
- 1.7 The three outstanding audit queries that are with officers will be addressed by the end of September and, once the sector wide issue has been resolved, BDO will be in a position to complete the audit of the 2020/21 accounts.

2. REASONS FOR RECOMMENDATIONS

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

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Not applicable

4. POST DECISION IMPLEMENTATION

- 4.1 Not applicable

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

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

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

- 5.1.2 The Annual Statement of Accounts are the primary means by which the Council is held to

account for the stewardship of its resources.

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

5.2.1 The Statement of Accounts shows the financial position of the council as at 31 March 2021.

5.3 **Social Value**

5.3.1 None in the context of this decision

5.4 **Legal and Constitutional References**

5.4.1 Section 151 of the Local Government Act 1972 requires that “...*every local authority shall make arrangements for the proper administration of their financial affairs*”.

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

5.4.3 Part 3, regulation 9 of the Accounts and Audit Regulations 2015 requires that the statement of accounts must be considered by a committee or full council and approved by a resolution of that body. The accounts must then be signed by the person presiding at the meeting. The Section 151 officer must then reconfirm on behalf of the authority that they are satisfied that the statement of accounts presents a true and fair view of the financial position of the authority and its income and expenditure for that year.

5.4.4 The 2015 Regulations require that the final approved accounts are published not later than 30th September of the financial year immediately following the end of the financial year to which the statement relates. The audit did not commence until September 2021 and it was therefore not possible for it to be concluded in line with the statutory deadline.

5.4.5 International Standard on Auditing (UK and Ireland) 260 deals with the auditor’s responsibility to communicate with those charged with governance in an audit of financial statements. A link to the website containing ISA 260 can be found in the background papers to this report.

5.4.6 Article 7 of the Council’s Constitution details the functions of the Audit Committee and include “*To review and approve the annual statement of accounts and consider the external auditor’s report to those charged with governance on issues arising from the audit of the accounts*”.

5.5 **Risk Management**

5.5.1 A positive external audit opinion on the council’s Statement of Accounts plays an essential and key role in providing assurance that Barnet’s financial risks are managed in an environment of sound stewardship and control.

5.5.2 There are no key risks relating to the production, audit or publishing of the Statement of Accounts identified in the Council’s risk register 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 June 2022	Item 9: Update on the closure of the 2020/21 Statement of Accounts	Agenda for Audit Committee on Thursday 16th June, 2022, 7.00 pm Barnet Council (moderngov.co.uk)
n/a	CIPFA description on the infrastructure assets issue for local authority stakeholders.	Urgent Infrastructure Assets Task and Finish Group CIPFA
Audit Committee 14 February 2022	Item 7: External Auditor's report 2020-21	Agenda for Audit Committee on Monday 14th February, 2022, 7.00 pm Barnet Council (moderngov.co.uk)
n/a	Measures to improve local audit delays	Measures to improve local audit delays - GOV.UK (www.gov.uk)
n/a	MRP Guidance issued by government	Statutory guidance on minimum revenue provision.pdf (publishing.service.gov.uk)

n/a	International Standard on Auditing (UK) 260 (Revised June 2016)	Microsoft Word - ISA (UK) 260 Revised June 2016 final (frc.org.uk)
Audit Committee 15 December 2021	Item 7: External Auditor's report on progress of the audit of the council's 2020/21 accounts	Agenda for Audit Committee on Wednesday 15th December, 2021, 7.00 pm (moderngov.co.uk)
Audit Committee 14 July 2021	Item 13: Committee Forward Work Programme.	Agenda for Audit Committee on Wednesday 14th July, 2021, 7.00 pm (moderngov.co.uk)
Audit Committee 28 April 2021	Item 11: External Audit Plan 2020/21	https://barnet.moderngov.co.uk/documents/s64729/External Audit Plan 202021.pdf

	<p>AGENDA ITEM 8</p> <p>Audit Committee</p> <p>15th September 2022</p>
<p style="text-align: center;">Title</p>	<p>External Audit Plan 2021/22</p>
<p style="text-align: center;">Report of</p>	<p>Executive Director of Strategy and Resources</p>
<p style="text-align: center;">Wards</p>	<p>All</p>
<p style="text-align: center;">Status</p>	<p>Public</p>
<p style="text-align: center;">Urgent</p>	<p>No</p>
<p style="text-align: center;">Key</p>	<p>No</p>
<p style="text-align: center;">Enclosures</p>	<p>None</p>
<p style="text-align: center;">Officer Contact Details</p>	<p>Anisa Darr – Executive Director of Strategy and Resources, Anisa.Darr@Barnet.gov.uk 020 8359 7634</p>

<h2>Summary</h2>
<p>BDO LLP (the council’s appointed external auditors) are required to produce an audit planning report to highlight the key elements of BDO’s 2021/22 external audit strategy for the Council.</p> <p>The purpose of the report is to advise the committee that BDO’s audit plan for 2021/22 is not yet available as BDO are not able to produce it until the council’s 2020/21 accounts are signed off.</p> <p>One it is produced, it will form a key part of the Council’s communication strategy with our external auditor BDO LLP, a strategy which is designed to promote effective two-way communication throughout the audit process with those charged with governance.</p> <p>It will summarise the planned audit strategy for the year ending 31 March 2022 in respect of BDO’s audit of the financial statements of the Council and consolidated entities (together the ‘Group’) and use of resources; comprising materiality, key audit risks and the planned approach to these, together with timetable and the BDO team.</p>

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

Officers Recommendations

1. The Audit Committee note the delay to the production of BDO's audit plan for 2021/22.

1. WHY THIS REPORT IS NEEDED

- 1.1 The purpose of the audit plan is to highlight to the Committee the key elements of BDO's external audit strategy for the audit for the year ended 31 March 2022.

2. REASONS FOR RECOMMENDATIONS

- 2.1 To ensure that the Audit Committee are aware of the external audit scope and objectives, overall audit strategy and key audit risks.
- 2.2 The purpose of the audit planning report is to highlight the key elements of BDO's 2021/22 external audit strategy for the Council. It is compiled based on their audit risk assessment and discussions of key risks with management. It is reported to the Audit Committee as those charged with governance for consideration in accordance with International Standard on Auditing (UK & Ireland) 260.
- 2.3 The audit plan for the year ended 31 March 2022 will set out the planned BDO external audit team and the engagement timetable.
- 2.4 The audit plan for 2021/22 will detail the audit scope and objectives in accordance with the NAO Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the NAO. This will enable BDO to form an opinion on whether:
- The financial statements give a true and fair view of the financial position of the group and authority and their expenditure and income for the period in question.
 - The financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.
 - Other information published together with the audited financial statements is consistent with the financial statements (including the governance statement).
 - The return required to facilitate the preparation of Whole of Government Accounts (WGA) consolidated accounts is consistent with the audited financial statements.

- The authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 None

4. POST DECISION IMPLEMENTATION

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

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

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

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

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

5.2.1 This report sets out the engagement timetable and framework for the assessment of the Council's financial reporting, management and standing, as well as value for money.

5.2.2 The proposed audit fee will be discussed with management prior to agreement. The core fee is agreed between the PSAA and BDO as a scale fee determination under their contract. It can be amended where necessary in agreement with the local authority.

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".

5.5 Risk Management

5.5.1 The audit plan for the year ended 31 March 2020 highlights the Council's statutory responsibility in respect of producing the financial statements. Without appropriate

closedown processes in place and references to local government financial reporting policies there is a risk that statutory deadlines may be missed, or accounting policies misinterpreted without the appropriate reference to the external auditor's views or concerns. The consequence of this could result in a qualified audit opinion on the financial statements or a qualified value for money opinion.

5.6 Equalities and Diversity

5.6.1 The audit planning report 2020/21 has the potential to cover the inspection and assessment of all services within the authority that, in turn, impacts on all members of the community.

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

5.8 Insight

5.8.1 None in the context of this decision

6. ENVIRONMENTAL IMPACT

6.1 None in the context of this report.

7. BACKGROUND PAPERS

7.1.1 None in the context of this report.

	<p>AGENDA ITEM 9</p> <p>Audit Committee</p> <p>15th September 2022</p>
<p style="text-align: right;">Title</p>	<p>Grants Certification Work Report 2020/21</p>
<p>Report of</p>	<p>Executive Director of Strategy and Resources</p>
<p>Wards</p>	<p>All</p>
<p>Status</p>	<p>Public</p>
<p>Urgent</p>	<p>No</p>
<p>Key</p>	<p>No</p>
<p>Enclosures</p>	<p>None</p>
<p>Officer Contact Details</p>	<p>Anisa Darr – Executive Director of Strategy and Resources, Anisa.Darr@Barnet.gov.uk 020 8359 7634</p>

<h2>Summary</h2>
<p>The purpose of the report is to update Committee on the progress of the external auditors work in respect of the certification of grants for 2020/21.</p> <p>BDO LLP (the council’s external auditors) undertake the certification of both the Capital Receipts Pooling Return and the certification of the Teachers’ Pension Fund Return for 2020/21.</p> <p>The council has engaged KPMG LLP to complete the certification of the Housing Benefit Subsidy Claim for 2020/21.</p> <p>Capital Receipts Pooling Return The audit of this grant claim was completed and an update given to this Committee in June 2022.</p> <p>Housing benefit subsidy The audit of this grant claim was completed and an update given to this Committee in June 2022.</p>

Teachers’ pension fund return certification

The certification of the teachers’ pensions return for the year ended 31 March 2021 is currently underway.

Audit fees

The fee paid to the auditors to BDO for certification of the Housing benefit subsidy claim was £3,500 and the estimated fee for the certification Teachers’ pension fund return is £5,000.

The fee paid to KPMG Ltd for the Housing Benefit Subsidy Audit was £20,950.

Officers Recommendations

1. That the progress on the Teachers’ Pensions Audit are noted by the Committee; and

2. That the Committee consider whether there are any areas on which they require additional information.

1. WHY THIS REPORT IS NEEDED

1.1 Public Sector Audit Appointments (PSAA), who have been appointed by the Secretary of State to administer the national auditor appointment scheme, has a statutory duty to make arrangements for certification by the appointed auditor of the annual housing benefit subsidy claim. Government departments also require external assurance on two other grant claims and returns – the pooling of capital receipts return and the teachers’ pensions return.

2. REASONS FOR RECOMMENDATIONS

2.1 In order that the Council can consider the external auditor’s certification report, be able to comment on the scope and depth of external audit work and to ensure it gives value for money.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 None

4. POST DECISION IMPLEMENTATION

4.1 None

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 The Grant Claims and Returns Certification Work Report addresses fundamental aspects of the Council’s management arrangements which support the Council’s corporate priorities as expressed through The Barnet Plan.

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

5.2.1 The grants submission process is the final stage in the process for receiving external funds from third parties. If there are weaknesses in the systems for monitoring and claiming monies, these funds could potentially be at risk.

5.2.2 The audit fee for 2020/21 is expected to be £29,450 with the final figure being known once the Teachers' Pension Audit has been completed.

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".

5.5 Risk Management

5.5.1 The Grants Certification Work Report summarises BDO's overall assessment of the Council's management arrangements in respect of the certification process of grant claims, however it also draws attention to significant matters in relation to individual claims. Failure to address these matters can place at risk the receipt of external funding that the Council is entitled to and has budgeted for.

5.6 Equalities and Diversity

5.6.1 The Grants Certification Work Report covers the arrangements in place for securing grants across services within the Authority. This in turn impacts on all members of the community.

5.7 Consultation and Engagement

5.7.1 None in the context of this report.

5.8 Insight

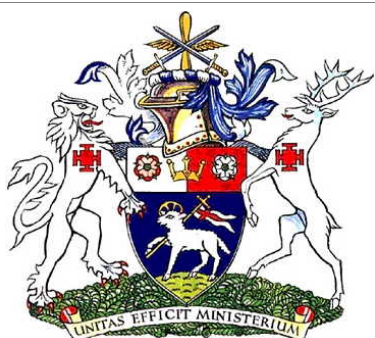
5.8.1 None in the context of this report.

6. ENVIRONMENTAL IMPACT

6.1 None in the context of this report.

7. BACKGROUND PAPERS

7.1.1 None in the context of this report.



Audit Committee

15th September 2022

Title	Annual Report of the Audit Committee 2021-22
Report of	Chair of the Audit Committee
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	Appendix 1- Annual Report of the Audit Committee 2021-22
Officer Contact Details	Clair Green, Executive Director of Assurance clair.green@barnet.gov.uk

Summary

This report provides the Audit Committee with its annual report for 2021-22. The report provides an overview of good corporate governance, which requires independent, effective assurance about both the adequacy of financial management and reporting, and the management of other processes required to achieve the organisation's corporate and service objectives.

Appendix 1 contains the Committee's Annual Report and describes how the Audit Committee meets its objectives as well as detailing the work of the Committee to date and the outcomes that have been achieved for 2021-22.

Recommendations

1. That the Audit Committee approve the Annual report for 2021-22.
2. That the Audit Committee note that the Annual Audit report for 2021-22 be reported to Full Council.

1. WHY THIS REPORT IS NEEDED

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

“The Audit Committee shall prepare a report to Full Council on an annual basis on its activity and effectiveness.”

- 1.1 The Annual Report describes the work of the Committee to date and the outcomes it has achieved for 2021-22.
- 1.2 The Committee is asked whether they wish to make any amendments and note that the report will be presented to Full Council in due course.

2. REASONS FOR RECOMMENDATIONS

- 2.1 It is a Constitutional requirement for the Audit Committee to present an Annual Report to full Council each year.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Not relevant.

4. POST DECISION IMPLEMENTATION

- 4.1 Once agreed by the Committee the report will be sent to the next Full Council meeting.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The Audit Committee provides the Council with independent assurance and effective challenge and, therefore, the Committee is central to the provision of effective governance that supports delivery of all corporate priorities.

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

- 5.2.1 None in the context of this report.

5.3 Social Value

- 5.3.1 None in the context of this report.

5.4 Legal and Constitutional References

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

5.4.2 The Audit Committee's terms of reference are noted in the Council's Constitution, Article 7. which states that the Audit Committee "shall prepare a report to Full Council on annual basis on its activity and effectiveness".

5.5 Risk Management

5.5.1 None in the context of this report.

5.6 Equalities and Diversity

5.6.1 Effective systems of audit, internal control and corporate governance provide assurance on the effective allocation of resources and quality of service provision for the benefit of the entire community to assist with compliance with the Council's duties under the 2010 Equality Act.

5.7 Corporate Parenting

5.7.1 None in the context of this report.

5.8 Consultation and Engagement

5.8.1 N/A

5.9 Insight

5.9.1 None in the context of this report.

6. ENVIRONMENTAL IMPACT

6.1 Not relevant to this report.

7. BACKGROUND PAPERS

None

This page is intentionally left blank

Appendix 1

Audit Committee Annual Report 1st April 2021 – 31st March 2022

Cllr Arjun K Mitra
Chair of the Audit Committee
August 2022

Contents

1. Introduction and overview

2. Summary of Audit Committee outcomes during 2021-22

3. Conclusions

Annex 1 – Schedule of actual work 2021-22

1. Introduction and Overview

1.1 Good corporate governance requires independent, effective assurance about both the adequacy of financial management and reporting, and the management of other processes required to achieve the organisation's corporate and service objectives. Good practice from the wider public sector indicates that these functions are best delivered by an independent audit committee. In this context, "independence" means that an audit committee should be independent from any other executive function. Further, the National Audit Office regards "well-functioning Audit Committees as key to helping organisations achieve good corporate governance".

1.2 It is important that local authorities have independent assurance about the mechanisms underpinning these aspects of governance.

Specifically:

1.2.1 **independent assurance** of the adequacy of the control environment within the authority;

1.2.2 **independent review** of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and

1.2.3 **assurance** that any issues arising from the process of drawing up, auditing and certifying the authority's annual accounts are properly dealt with and that appropriate accounting policies have been applied.

1.3 Effective audit committees can bring many benefits to local authorities and these benefits are described in CIPFA's *Audit Committees - Practical Guidance for Local Authorities* as:

1.3.1 raising greater awareness of the need for internal control and the implementation of audit recommendations;

1.3.2 increasing public confidence in the objectivity and fairness of financial and other reporting;

1.3.3 reinforcing the importance and independence of internal and external audit and any other similar review process (for example, providing a view on the Annual Governance Statement); and

1.3.4 providing additional assurance through a process of independent and objective review.

1.3.5 Effective internal control and the establishment of an audit committee can never eliminate the risks of serious fraud, misconduct or misrepresentation of the financial position. However, an audit committee:

➤ **can give additional assurance through a process of independent and objective review**

➤ **can raise awareness of the need for sound control and the implementation of recommendations by internal and external audit**

1.4 **Audit Committee at Barnet Council**

The Council's Constitution includes the terms of reference for the Audit Committee, defining its core functions. The terms of reference describe the purpose of the Audit Committee as being:

“to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.”

- 1.4.1 To bring additional expertise from the sector and financial capability the Audit Committee also has two independent members.
- 1.4.2 The Audit Committee has a work programme that has been drawn up to effectively discharge its responsibilities as defined by the terms of reference.
- 1.4.3 The Committee relies upon independent, qualified professionals to provide assurance. Directors and Assistant Directors (or equivalent grade) have attended Committee to support the process and to aid in the Committee's effectiveness/understanding.
- 1.4.4 During the year 2021-22 the Committee undertook all its meetings in the public domain, albeit the April 2021 meeting was held virtually using Microsoft Teams. For the one virtual meeting during the year, registered speakers were able to call into the meeting and the public were able to access a live stream of the meeting through a link on the meeting webpage. There were no exempt reports this year.
- 1.4.5 Throughout 2021-22, the Audit Committee was chaired by Councillor Rohit Grover.
- 1.4.6 Following the Annual Council meeting that took place on 24 May 2022 the Committee's Membership changed in order to represent the political proportionality in the Council following the May 2022 local election. As a result of this the Council resolved to appoint 4 Labour Members and 2 Conservative Members. This further led to Councillor Arjun Mittra replacing Councillor Rohit Grover as Committee Chair. Please see the following table that highlights the Membership change:

Committee Membership

2021/22	2022/23
Cllr Rohit Grover	Cllr Arjun Mittra – Chair
Cllr Alex Prager	Cllr Edith David – Vice-Chair
Cllr Laithe Jajeh	Cllr Humayune Khalick
Cllr Nick Mearing-Smith	Cllr Rohit Grover
Cllr Alison Moore	Cllr Alex Prager
Cllr Arjun Mittra	Cllr Paul Lemon
Cllr Kath Levine	

- 1.4.7 As part of the 2022/23 Member Development Programme the following session was delivered for Members of the Council and the two appointed Audit Committee independent Members. The session provided participants with an overview on the following themes:

16 June 2022

- Role of the Member of the Audit Committee – including approval of the Statement of Accounts
- Financial Controls
- Audit and CAFT Plan
- External Audit Plan
- Receipt of Internal and External Audit Reports

1.4.8 The Chair during 2021-22 continued to require senior officer attendance where there were high priority Audit recommendations and has continued to encourage public participation at the Audit Committee. The requirement for officers to attend when previously agreed actions were not implemented within agreed timeframes was treated on a case-by-case basis, in light of the impact of COVID on 'business as usual' council activity.

1.4.9 The Chair encouraged the two independent members to be active participants in meetings of the Committee.

2. Summary of Audit Committee Outcomes during 2021-22

2.1 During the financial year (April 2021 – March 2022) the Audit Committee has demonstrated many outcomes with a focus on delivering improvement to the organisation. The way in which these were implemented were as follows: -

2.1.1 **Key controls and assurance mechanisms.** The Committee relies upon information presented from qualified, independent and objective officers and external assurance providers. The key controls and assurance mechanisms are as described within the Annual Governance Statement. The Audit Committee is not a working group, it does not carry out the work itself, but relies on the assurance framework to bring significant issues to the Committee for discussion and make recommendations for the Executive and officers to take forward. The Committee recognises that management are responsible for a sound control environment¹.

2.1.2 **Cross-Council Assurance Service (CCAS).** The Internal Audit service is delivered through a mixed economy model, which includes an in-house team and external provider, currently PwC. In April 2020, a new Framework contract was signed by London Borough of Barnet with PwC for Internal Audit, Advisory and Anti-Fraud and Mazars for Risk Management. As the contract manager, Barnet receives a 1% contract management fee for all invoiced work going through the Framework, which has a maximum OJEU limit of £50m over the four year contract term.

2.2. **External Audit financial resilience and value for money.** For 2021/22, BDO continue to be the Council's appointed external auditors.

2.2.1 In February 2022, the council's external auditors (BDO) provided an interim completion report for the audit of the council's 2020/21 accounts. The report summarised the results of their work to date for the year ended 31 March 2021, specific audit findings and areas requiring further discussion and/or the attention of the Audit Committee.

¹The control environment comprises the systems of governance, risk management and internal control

2.2.2 Their audit work was substantially complete, and they anticipated issuing their opinion on the Group's financial statements and the Council's use of resources for the year ended 31 March 2021 in March 2022, although this was dependent upon resolution of some technical accounting issues. One of these issues relates to the accounting treatment applied to infrastructure assets, which is a sector-wide issue that could materially impact the Council's financial statements. This issue has been raised nationally with the National Audit Office (NAO) and all public sector audit suppliers.

2.2.3 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.

2.2.4 Following the advice of the Task and Finish Group, CIPFA LASAAC proposed a temporary solution and the CIPFA LASAAC Local Authority Code Board issued an urgent consultation on these temporary proposals to update the Code of Practice on Local Authority Accounting in the United Kingdom to address the issue. The consultation ended on 14th June 2022 however it was not able to agree an approach that addressed the concerns of all stakeholders while also supporting high quality financial reporting.

2.2.5 CIPFA and CIPFA LASAAC considered that a sector wide approach to resolution of the reporting of highways infrastructure assets should be sought and further consultation with key stakeholder groups will take place. They have advised that they will aim to consult in the summer of 2022 with resolution by autumn 2022. We are still awaiting the outcome of this decision and BDO are unable to complete the audit of the 2020/21 accounts until this issue has been resolved.

2.4 Improvement agenda – the Audit Committee is committed to improving shortfalls in the control environment, rather than apportioning blame.

2.4.1 The Audit Committee has been provided with assurances on all internal audit critical and high priority recommendations, and a sample of medium priority recommendations, and the progress against these quarter by quarter. The Audit Committee and its Chair has asked that leading officers (Directors or Assistant Directors / Strategic Leads) to attend the Audit Committee to explain any deficiencies identified by Internal Audit and how they intend to address and action them. The important aspect that the Audit Committee has been assessing each quarter is whether the direction of travel from one quarter to the next has been improving via recommendations having been implemented. This focus on improving the control environment through follow-up and discussion has made officers accountable for improvement. We followed up a total of 144 recommendations that had been raised and were due to have been implemented by the end of 2021/22. Of those, we found that 139 had been fully implemented by the year end, with 5 ongoing (4 high and 1 medium). The direction of travel for implementing audit recommendations by year end was positive with 97% being implemented, exceeding the target of 90%. This is an improvement on 2020/21 when 95% were confirmed as having been implemented within revised agreed timescales.

- 2.4.2 The Audit Committee has continued to pay particular attention to agree audit actions that have repeatedly not been implemented within agreed or revised timeframes. This is reported in a ‘slippage’ column within the Internal Audit update reports to Committee. The number of critical and high priority audit actions that had not been implemented within agreed timeframes on 3+ occasions was zero in every quarter apart from Q1, when there were 2 of these actions reported.
- 2.4.3 The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control (i.e. the organisation’s system of internal control). The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation and is based on the work performed in 2021-22. The conclusion should be considered in the context of the financial pressures facing the Council in a period where savings are required to be made but there is a greater demand for local services due to the borough’s growing population. For 2021-22 a ‘Reasonable’ Annual Internal Audit Opinion was given. This is consistent with 2020-21 and 2019/20 and an improvement on the previous two years, 2018/19 and 2017/18, when Limited Assurance was given.
- 2.4.4 In line with the Scheme of Financing Schools, the Chief Finance Officer is required to deploy internal audit to examine the control frameworks operating within schools under the control of the Local Education Authority (“LEA”). In 2021-22, Internal Audit performed 18 schools’ visits and undertook 2 follow-up reviews. The number of schools reviewed was higher than in the previous year, when, due to school closures because of COVID, only 11 schools’ audits and 1 follow-up review were undertaken.
- 2.4.5 The **Internal Audit and the Corporate Anti-Fraud Team (CAFT)** functions, which are organisationally independent from the rest of the Council, have a combined Annual Plan approved annually by Audit Committee which demonstrates their commitment to joint working, making the best use of resources and avoidance of duplication of effort. This also enables them to ensure that any control weaknesses identified through fraudulent activity are followed up with recommendations to strengthen the control environment and noted on the service risk registers.

2.5 Internal Audit – issues identified – during the year the Audit Committee has been presented with various reports regarding control weaknesses. Areas that received an Internal Audit ‘No / Limited’ assurance rating, or where an audit report or management letter identified areas of weaknesses and high priority recommendations, are listed below. The Committee has also continued to follow up all High priority recommendations within Reasonable Assurance reports where those recommendations are not implemented within the agreed timeframes. Internal Audit also follow-up a sample of Medium priority recommendations and report the outcome to the Audit Committee.

Review Title	Assurance rating	Number of Critical Priority recs	Number of High Priority recs	Number of Medium Priority recs
Agency Staff	Limited	0	2	2
QL Housing system	Limited	0	1	3
Estates Compliance	Limited	0	1	3

Parking - PCN Cancellations	Reasonable	0	1	2
Trade Waste	Reasonable	0	1	1
The Orion Primary School	Reasonable	0	1	2

2.6 Anti-Fraud – This last year was impacted by the enforced working conditions brought about by the Covid-19 pandemic, which restricted CAFT investigations with officers having to work from home. This meant that officers were unable to carry out formal PACE interviews, take witness statements or visit suspected offenders in their home addresses. To counteract these restrictions CAFT officers carried out more “desk based” investigations and duties as well as modify the way we engaged with the members of the public. In addition to this the UK Courts suspended cases being heard and prioritised only the most serious cases where hearings were essential.

As the Covid-19 restrictions began to lift in September 2021, CAFT gradually returned to business as usual and have recommenced carrying out home visits and face to face interviews, both in the community and in the dedicated interview rooms in Colindale.

2.6.1 The Concessionary Travel Fraud Team has investigated **279** cases of alleged Blue Badge misuse as well as Blue Badge and parking permits fraud and fraudulent appeals relating to penalty charge notices (PCNs). Of these, **6** cases were successfully prosecuted at Magistrates court and **29** cautions were administered. A further **50** cases also concluded in Warning letters being sent to the Badge Holders as well as the offenders. **21** Blue Badges were seized from offenders. In addition to these, there are several cases that are currently being progressed to formal interviews and legal actions.

2.6.2 The Tenancy Fraud team has continued to work in challenging conditions this year, however they have still investigated **619** cases, and which includes the verification of all housing Applications received by Barnet Homes. These investigations led to **4** formal Prosecutions for illegal subletting and resulting in CAFT recovering **£22,500** in compensation against the cost paid for Temporary accommodation. **6** Homeless persons applications for housing, and **4** mutual exchange applications were denied. In addition to this, Tenancy Fraud officers recovered **14** properties this year bringing those properties back into the Council’s Housing Stock and saving on the costs of Temporary accommodation. Other cases continue to progress, as the ability to carry out home visits and interview suspected offenders returns to normal.

2.6.3 The Corporate Fraud Team investigated **152** cases of alleged fraud. These investigations led to **1** criminal prosecution, **2** formal cautions and **26** cases where financial recovery totalled **£110,558** (these **26** cases related to Covid-19 business grants, direct payments, Adult Social care payments and Council Tax).

In addition to the above and as a direct result of CAFT verification processes **18** Covid 19 grant applications were denied due to information discrepancies thereby saving the public purse **£123,650**. CAFT continue to work closely with the Finance unit to offer assurance against the Covid-19 Grant scheme and are currently undertaking both pre-payment checks and a post assurance exercise, to confirm that funds were paid correctly relating to the Omicron Grants. **6** school admissions places were denied due to

false information being supplied. **2** Administrative penalties were issued relating to Council Tax Reduction offences.

CAFT officers also conducted an internal investigation which resulted in disciplinary action being taken against **5** members of staff.

2.6.4 There have been **17 Financial (Proceeds of Crime)** Investigations carried out this year. **12** of these are on-going and recovery of confiscation orders continues. **3** cases were concluded as the full Proceeds were recovered. This year **£177,273.18** has been received via the PoCA incentivisation Scheme.

2.6.5 **Whistleblowing** matters are also reported to the Audit Committee. **5** whistleblowing allegations were received this year.

2.7 **Planned and unplanned work** – The Committee has completed its work plan in accordance with its planned level of activity as detailed at annex 1.

3. Conclusions

3.1 In conclusion the Audit Committee feels that it has demonstrated that it has added value to the Council's overall Governance Framework.

3.2 The Audit Committee's focus will continue to be ensuring action is taken on internal control deficiencies and reviewing progress on a regular basis as well as a commitment to improving shortfalls in the control environment, rather than apportioning blame.

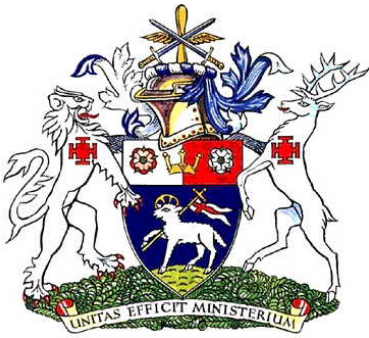
Annex 1 – Schedule of actual work 2021-22

Detail of Reports considered:

Audit Committee Meeting Date	Agenda Items
28 April 2021	<ul style="list-style-type: none"> • Internal Audit Exception Recommendations Report and Q4 (Phase 2) Progress Report 1st January to 31st March 2021 • Internal Audit & Anti-Fraud Strategy and Annual Plan 2021-22 • Corporate Anti-Fraud Team (CAFT) Annual Report 2020-2021 • Annual Audit Letter 2019/20 • External Audit Plan 2020/21 • Committee Forward Work Programme
14 July 2021	<ul style="list-style-type: none"> • Internal Audit Exception Recommendations Report and Q1 Progress Report 1st April to 30th June 2021 • Annual Internal Audit Opinion 2020-21 • Annual Governance Statement • Corporate Anti-Fraud Team (CAFT) Q1 Progress Report 2021-22 • Annual Report of the Audit Committee 2020-21 • Whistleblowing Policy • Committee Forward Work Programme
15 December 2021	<ul style="list-style-type: none"> • External Auditor’s report on progress of the audit of the council’s 202021 accounts

Audit Committee Meeting Date	Agenda Items
	<ul style="list-style-type: none"> • Internal Audit Exception Recommendations Report and Q2 Progress Report • Internal Audit Plan 2021-22 • Corporate Anti-Fraud Team (CAFT) Q2 Progress Report • Regulation of Investigatory Powers Act 2000 RIPA Policy and Guidance Review • Work Programme
14 February 2022	<ul style="list-style-type: none"> • External auditors report 2020-21 • Internal Audit Exception Recommendations Q3 • Auditor Appointments • Corporate Anti-Fraud Team (CAFT) Q3 Progress Report • Work Programme

This page is intentionally left blank



Audit Committee

15th September 2022

Title	Internal Audit Exception Recommendations Report and Q1 Progress Report 1st April to 30th June 2022
Report of	Executive Director of Assurance Head of Internal Audit
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	Appendix 1- Internal Audit Q1 progress report (1st April to 30 th June 2022)
Officer Contact Details	Caroline Glitre, Head of Internal Audit caroline.glitre@barnet.gov.uk 020 8359 3721

Summary

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

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

During Q1, the service completed 30 reviews and at that time had delivered 34% of our annual internal audit programme for 2022/23. This is above the target for Q1 of 24%.

There were four 'Limited' assurance reports issued in this period. Further detail is included in the main report:

- Private Residential Blocks – Fire Safety
- Premises, Licensing and Gambling

- Commercial Rents and Lease Renewals
- Coppetts Wood 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>

Q1 Follow-Ups

During Q1, the Internal Audit service followed up on critical, high and a sample of medium priority actions with an implementation date of 30th June 2022 or sooner.

A total of 56 critical and high priority and 14 medium priority actions were followed up in this period.

In Q1 the Internal Audit service confirmed the following:

Critical & High priority actions: Follow-up Summary	Total	Implemented	In progress	Not Implemented
Total Number of Actions Tested	56	32	17	7
Medium priority actions: Follow-up Summary	Total	Implemented	In progress	Not Implemented
Total Number of Actions Tested	14	9	5	-
Total actions followed up in Q1	70	41	22	7
%		59%	31%	10%

At the end of Q1 the Internal Audit service had confirmed 59% actions as implemented or superseded at follow-up. The total was therefore below the target of 90%.

Performance this quarter is lower than the target, primarily due to two key factors:

1. Eight actions relating to Danegrove School. These are the last remaining actions of a total of 33 actions for the school, which was rated as No Assurance in May 2021.
2. Twelve actions relating to Land Charges - Planning Data. These delays are largely caused by dependencies on Her Majesty's Land Registry (HMLR).

If these two reviews were removed from the calculation, the % implemented would be 82%.

Recommendations

That the Audit Committee note the work completed to date on the internal audit Q1 report – 1st April to 30th June 2022.

1. WHY THIS REPORT IS NEEDED

- 1.1 The Audit Committee's role in receiving this report is to note the overall progress made against the 2022-23 Internal Audit Plan and the high and medium priority recommendations made. In addition, the Audit Committee can inquire of Directors and Assistants Directors as to their progress against recommendations.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The Audit Committee approved the Internal Audit Plan 2022-23 in June 2022 and this report notes the progress against that plan and progress against high and medium priority recommendations.
- 2.2 Compliance with the Public Sector Internal Audit Standards.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Not relevant.

4. POST DECISION IMPLEMENTATION

- 4.1 The remaining work on the Internal Audit 2022-23 Plan will be delivered and progress against the plan reported to the Audit Committee at future meetings throughout the year.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 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.
- 5.1.2 A comprehensive Internal Audit Plan is essential to giving an annual Internal Audit Opinion on the internal control environment (ICE) which is fundamental for the achievement of all of the Council's objectives. This opinion forms an integral element of the Annual Governance Statement.
- 5.1.3 The Council has a responsibility to protect the public purse through proper administration and control of the public funds and assets to which it has been entrusted.

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

Property, Sustainability)

- 5.2.1 When internal audit findings are analysed alongside finance and performance information it can provide management with the ability to assess value for money.
- 5.2.2 In addition, the follow-up of audit recommendations will ensure that a positive culture of internal control is achieved.
- 5.2.3 The proposed plan is being achieved from Internal Audit's current budget.

5.3 Social Value

- 5.3.1 None in the context of this decision

5.4 Legal and Constitutional References

- 5.4.1 The Council's Constitution (Article 7) sets out the terms of reference for Committees. The responsibilities for the Audit Committee include providing "independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment and to oversee the financial reporting process.
- 5.4.2 The Council also has a duty under section 3 of the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. Regulation 3 of the Accounts and Audit Regulations 2015 requires the Council to ensure that it has a sound system of internal control which:
 - 5.4.2.1 Facilitates the effective exercise of its function and the achievement of its aims and objectives;
 - 5.4.2.2 ensures that the financial and operational management of the authority is effective; and
 - 5.4.2.3 includes effective arrangements for the management of risk.
 - 5.4.2.4 Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 requires 'an authority to conduct a review at least once in a year of the effectiveness of its system of internal control.'

5.5 Risk Management

- 5.5.1 All Internal Audit activity is directed toward giving assurance about risk management within the areas examined. By so doing the aim is to help maximise the achievement of the Council's objectives. Internal Audit does this by identifying areas for improvement and agreeing actions to address the weaknesses.
- 5.5.2 Internal Audit work contributes to increasing awareness and understanding of risk and controls amongst managers and thus leads to improving management

processes for securing more effective risk management.

5.6 Equalities and Diversity

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

5.7 Corporate Parenting

- 5.7.1 None in the context of this decision

5.8 Consultation and Engagement

- 5.8.1 N/A

5.9 Insight

- 5.9.1 None in the context of this decision

6. ENVIRONMENTAL IMPACT

- 6.1 Not relevant to this report.

7. BACKGROUND PAPERS

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

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

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

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

- 6.3 Audit Committee 17 February 2011 (Decision Item 7) – the Committee (i) agreed that a report would be prepared quarterly regarding those internal audit recommendations not implemented (ii) requested that the table of priority

1 recommendations should in future indicate what date recommendations were made to service areas and the implementation date.

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

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

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

Internal Audit – London Borough of Barnet

Appendix 1



Internal Audit Q1 Progress Report 1 April – 30 June 2022



Cross Council Assurance Service

1.0 Summary

1.1 Purpose of this report

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

1.2 Progress against the 2022/23 internal audit plan

1.2.1

We have completed 30 reviews in this current period and to date have delivered 34% of our combined 2022/23 annual internal audit programme. This is above the target of 24%.

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

1.2.2 Limited Assurance reports

There were four 'Limited' assurance reports issued in this period:

- Private Residential Blocks – Fire Safety
- Premises, Licensing and Gambling
- Commercial Rents and Lease Renewals
- Coppetts Wood School

Further detail is provided in section 2.1 of this report.

1.3 Findings of our Follow Up Work

1.3.1 We have undertaken follow up work on all **critical and high priority actions** with an implementation date of 30 June 2022 or sooner. We have had discussions with management on the progress made in implementing actions falling due in this period and have sought evidence to support their response.

A total of 56 critical and high priority actions were due to have been implemented by the end of Q1. All 56 have been followed up, and of these:

- 32 actions have been confirmed as implemented (57%);
- 17 have been partially implemented (in Progress) (30%).
- 7 have not been implemented (13%) and

Critical & High priority actions: Follow-up Summary	Total	Implemented	In progress	Not Implemented
Total Number of Actions due	56	32	17	7

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

A total of 14 medium priority actions were due to have been implemented by the end of Q1. All 14 have been followed up at this stage.

- 9 actions have been confirmed as implemented or closed (64%); and
- 5 have been partially implemented (36%).

Medium priority actions: Follow-up Summary	Total	Implemented	In progress	Not Implemented
Total Number of Actions due	14	9	5	-
Total actions followed up in Q1	70	41	22	7
%		59%	31%	10%

We have currently confirmed 59% high and medium rated actions as implemented, superseded or closed. The current total is therefore below the target of 90%.

Performance this quarter is lower than the target, primarily due to two key factors:

1. Eight actions relating to Danegrove School. These are the last remaining actions of a total of 33 actions for the school, which was rated as No Assurance in May 2021.
2. Twelve actions relating to Land Charges - Planning Data. These delays are largely caused by dependencies on Her Majesty's Land Registry (HMLR).

If these two reviews were removed from the calculation, the % implemented would be 82%.

Progress against audit actions is summarised in more detail in Section 3.

1.4 Other Matters

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

- 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. A Steering Group made up of CCAS members was the key decision-making body to drive this agenda forward. The ambition was to build a pool of talented individuals who were keen to develop a career in Public Sector Internal Audit.
- “CCAS trainees” are encouraged to apply from all backgrounds (school leavers/ apprentices/ graduates/ experienced hires) in line with the social values of the London Borough of Barnet Framework. In addition to working towards a formal qualification with the Institute of Internal Auditors (IIA), the Pathway differentiates itself from other training schemes as participants will develop specifically as an internal audit professional and will have the opportunity to work cross-borough and alongside PwC colleagues.
- By the end of the calendar year, we initially had a target to have recruited three people onto the Pathway. However, after discussion with other London Boroughs within CCAS, a total of nine vacancies became available across five Boroughs: Barnet, Barking & Dagenham, Lambeth, Lewisham and Waltham Forest.
- Following a ‘blind’ recruitment campaign, 79 candidates were shortlisted, 34 were invited to Group Exercises and 18 were interviewed. This resulted in all nine vacancies being filled. Successful candidates commenced work in their respective Boroughs on the 5th September 2022.
- The Candidates will follow a programme of virtual/on-line study with the chosen apprenticeship training provider MBKB and the Institute of Internal Audit and will also take part in face to face workshops with teams from the other Boroughs, to be held at PwC offices and in their respective Boroughs.

1.5 Recommendations

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

2.1 Limited Assurance Reports

2.1.1 Premises, Licensing and Gambling

Number of Recommendations by risk Category		
High	Medium	Low
2	3	0

Scope

This review was undertaken as part of the London Borough of Barnet Internal Audit and Anti-Fraud Strategy and Annual Plan 2020/21 approved by the Council's Audit Committee on 14th July 2020. Due to competing priorities at the end of 2020/21 and the impact of COVID on service delivery, the fieldwork for this audit was delayed until 2021/22.

The London Borough of Barnet is a licensing authority and issues licences under a variety of different licensing schemes.

It is the responsibility of the London Borough of Barnet to ensure that the licensing schemes are operated effectively and efficiently and in accordance with relevant legislation such as the Licensing Act 2003 and the Gambling Act 2005.

This audit reviewed how compliant the Council is with its roles and responsibilities as a licensing authority for its licensing schemes and how efficiently the roles are being delivered.

The Service budget for income annually is £276,500.

Summary of findings

This audit has identified 2 high and 3 medium risk findings.

We identified the following issues as part of the audit:

- **Comprehensive Licensing - Inspection Regime (High)** - We identified that inspections of premises for new licences are not carried out prior to the licence being granted and where inspections are carried out at a later date, they are not documented.

- **Invoices and Payments – Bad and Doubtful Debt (High)** – We found 64 cases of debts relating to clients whose invoices were cancelled due to surrendered/cancelled licences. These invoices were **reissued** over subsequent years and credited, which has inflated the value of expected income and means inaccurate information about licences is held in the database. 9 of these debtors are between two and four years while 70 debtors are over one year old.
- **Comprehensive Licensing – Data Update (Medium)** - We identified that there is no routine update of data within the Uniform system when there is a change in circumstances and no annual reconciliation to ensure the accuracy of the database.
- **Invoices and Payments - Debt Recovery (Medium)** – We noted 32 cases (£10,881.50) of unresolved debtor queries (between 3 months and 4 years old), 19 cases (£3,720) of gone away debtors and 3 cases (£680) of missing payments. We also found delays in the Community Protection (regulation) team granting the AR team permission to take recovery action for unpaid invoices, a finding that was previously raised in the 2019/20 Accounts Receivable audit.
- **Policies and Procedures – Documentation and Version Control (Medium)** – The Gambling licensing procedure is not currently formally documented. We noted that 77% (10 out of 13) procedures were not version controlled, in 69% (9 out of 13) the date of last update was not clearly recorded; 92% (12 out of 13) the next review dates were not recorded while in 77% (10 out of 13) the documents were not approved or signed.

Actions have been agreed with management to address the issues identified. We will report progress against these actions as part of the Q2 Progress Report to the Audit Committee.

2.1.2 Private Residential Blocks – Fire Safety

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

Scope

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

Following the Grenfell Tower tragedy, the Government held a fire safety consultation to deliver the Government's objective of improving building safety in regulated premises in which people live, stay or work. The Hackitt report outlined proposals to strengthen the Regulatory Reform (Fire Safety) Order 2005 (FSO) as well as implementing Grenfell Tower inquiry recommendations and improving communication between Building Control and Fire and Rescue in relation to building works and handover of fire safety information.

The Fire Safety Act 2021 sought to amend the FSO making it clear where responsibility for fire safety lies in buildings containing more than one home.

The Building Safety Act 2022 will introduce further responsibilities for which the Council has put together a project team to ensure appropriate preparation for new legislative requirements. As this act only received royal assent in April 2022 it was considered outside the scope of the audit, but it is a relevant consideration in terms of determining and aligning required future actions.

The objective of this review was to provide assurance over the design and effectiveness of the fire safety enforcement controls that were established during 2021-22, to mitigate the risk of failing to comply effectively with new Fire Safety regulations in relation to private residential blocks.

The need for a more proactive capacity to engage in fire safety enforcement across private sector housing blocks was agreed in January 2021 and this followed encouragement by government for local authorities to begin to step-up enforcement in the private sector once the rounds of funding bids had completed and slow progress by the sector was noted.

As part of the plan to upscale the Council's processes in 2021-22, this audit was planned to ensure that all new proactive capacities, processes, and structures introduced during 2021-22 would be quickly and robustly tested, to ensure readiness to deliver.

The wider responsibilities of the Council in relation to fire safety were set out in webpages that were updated in Autumn 2021, these sought to clarify the action to date and also note the preparation of a register of high-rise blocks prepared on behalf of the government. This register was translated into an enforcement tracker tool from August 2021. Alongside this a resource plan to increase enforcement capability was also prepared, and a review of the internal controls and governance structures was completed. These new arrangements were largely in place by January 2022, and therefore this audit was able to proceed during Q4 to fully test the resilience of such arrangements for enforcing fire safety within high rise private sector blocks.

The below timeline outlines some of the key internal and external milestones in this area:



Summary of findings

The Council initially drafted a register of residential buildings above 18 metres in height in the borough following a Government request that all Councils should investigate tall buildings and report this into a national database. This register was prepared from 2019 by the Building Control team and from late 2020 was handed over to the Private Sector Housing team for updates. Work to turn this register into an active enforcement tracking tool began when the Private Sector Housing team in Re were provided with additional resource to upscale their enforcement activities from Summer 2021.

It is understood that the current tracker includes all known private residential blocks in the borough where there is a concern about potential unsafe use of materials, but further to the initial survey of buildings over 18m this dataset is currently only set to be updated in a reactive manner, through internal referrals as well as referrals from organisations outside of the Council, such as the Government Fire Safety Group and the London Fire Commissioner (the Fire Authority).

A Council/ Re Special Project Initiation Request (SPIR) provides funding for an interim Environmental Health Officer and has enabled the recruitment of a full-time resource (FTE) in the Private Sector Housing team (arriving in June 2022, following recruitment challenges). It is understood that from June, there will be 1.5 Enforcement Officers working on the project with a 0.5 Technical Support Officer being recruited to assist with administration activities, in particular enforcement activities. The SPIR sets out an approach to fire safety in private residential blocks that is driven primarily by undertaking inspections of identified higher-risk buildings and then resolving those risks. Current capacity is focused on buildings that have been flagged as high risk on the tracker, which is primarily driven by building height and material.

It is the responsibility of building owners/ landlords to complete fire risk assessments (FRAs) and to ensure remedial works are carried out where required. Building owners are not required to send completed FRAs to the Council, and the Council will often receive the FRAs on referrals from organisations outside of the Council. Whilst the Council does not have ultimate responsibility to follow-up on fire risks/ remedial actions flagged in Fire Risk Assessments, following inspection of paperwork (e.g., FRAs sent by the building owners/ Fire Authority) or properties where there are high risk issues raised, the Council can

determine whether they have confidence in the building owners to undertake remedial actions and can implement enforcement activities where they do not. It is noted that to date, the Council has only inspected three high risk buildings (out of 10 identified).

This is an ever-changing landscape, and it is noted that during fieldwork, the Government announced that it intends to have a fully funded plan of action, including remediating unsafe cladding on buildings that are 11-18 metres in height as part of the Building Safety Act, and various announcements to that effect took place during April 2022 (after completion of fieldwork relating to this audit). The tracker does not currently include any buildings under 18 metres in height, but it is likely that some further buildings will come to the attention of the Council following the assent of the Building Safety Act.

This audit has identified one high risk, three medium risk and two low risk findings.

We identified the following issues as part of the audit:

- **Insufficient progress in managing fire safety risks in private sector housing (High risk)** – Re, on behalf of the Council, had, by the time of fieldwork, inspected three out of ten buildings in the borough identified as high risk. Subsequently two further sites are known to have been inspected, a total of 727 units of accommodation. This still leaves further sites that are thought to potentially pose a higher level of risk, which have not yet benefitted from a formal site inspection. In addition, the tracker used to oversee private sector tower blocks in the borough is missing key information. Management do not consider that the Private Sector Housing (Re) team has had sufficient resource to undertake all the key activities in relation to managing fire safety risks in private sector housing that are required and acknowledge that recruitment challenges to introduce additional capacity have exacerbated this problem. It is further noted that the tracker does not currently include any buildings below 18 metres in height; in light of the Building Safety Act 2022, the Council will need to have oversight of buildings between 11-18 metres in height (in particular those that are ACM clad).
- **Risk rating methodology for high-risk blocks (Medium risk)** – There is a risk rating methodology in the tracker that is used to classify buildings according to risk in relation to fire safety. However, it does not provide a clear rationale as to how buildings that have been classified as high-risk should be prioritised for inspection, and hence it is unclear how or why the Council has prioritised inspection of certain buildings ahead of others. This should be formally documented to provide clarity of decision-making to senior officers.
- **Roles and responsibilities (Medium risk)** – Whilst the roles and responsibilities of the Private Sector Housing team are outlined in the SPIR, there is no formal policy or procedure document that outlines the roles and responsibilities of key Council stakeholders in relation to fire safety in private residential blocks and there are no clearly documented escalation routes. These should be clarified in the Fire Safety Group Terms of Reference. Note: Roles/responsibilities and escalations routes are outlined in the Terms of Reference for the Fire Safety Group.
- **Absence of a fire safety management policy (Medium risk)** - The Council does not currently have a fire safety management policy in relation to private housing. As a result, although there is a policy and procedure for ensuring uniformity of approach in relation to investigation and enforcement action, officers may not follow a consistent approach to fire safety management for this type of property and may be unaware of recent changes to current guidelines and legislation.

Actions have been agreed with management to address the issues identified. Due to the timing of the agreement of the report, some of the action deadlines fell within Q1. In summary, the status is as follows. We have reported the detail of progress against these actions in Section 3, Follow-Ups.

Number of actions due by 30 June 2022	Implemented	In Progress	Not Implemented
5	2	3	0

2.1.1 Commercial Rents and Lease Renewals

Number of Recommendations by risk Category		
High	Medium	Low
-	8	1

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 Property Services operation is delivered by the Capita Customer Support Group (CSG) and provides a property management service to the London Borough of Barnet. Amongst other duties, the team manages the rentals of commercial properties via lease or licence. Such properties include shops, offices and industrial units.

The income budget for the service for 2021-22 was £4.3m. Current arrears for the service stand at £1.2m.

The sample period was March 2020 to April 2022. The Council and its services faced disruption from the COVID pandemic at this time and the commercial rent operation was also impacted by government directives to protect businesses.

On the 11 July 2022, the Internal auditors were presented with a Variation to Contract letter dated 22 July 2020, signed by the Head of Commercial Management, which allowed for relief from Service Performance Levels, Key Performance Indicators, Performance Indicators and Service Provider Commitments under the Contract during the COVID 19 pandemic period. This period is referred to in the Variation to Contract letter as the 'COVID Relief Period'. Various extensions provided for this variation to be extended from March 2020 to 31 September 2021. This document had not been previously brought to the attention of Internal audit by the Commercial Team or the Service supplier, Capita. All sampling and testing therefore has been carried out based on the levels of activity as observed and discussed at the exit meeting, as guided by the client; but without the knowledge of variations to the contract in place which were not referred to by the client.

The variation to contract affects Findings 1 (Lease and Letting Renewals - Rent Review) and 4 (Lease and Letting Renewals: Leases Renewal), in that the period sampled is included in the above relief period and we acknowledge that the resultant findings address performance / key performance indicators for these areas for the sampled period. However, the period sampled extends beyond the end of the relief period – (September 2021) by 6 months and therefore we feel the findings are still relevant.

The issues raised in these findings re: setting deadlines for improvement following PI failure (finding 1) and the failure to update documentation to reflect what constituted a failed KPI, following Capita informing LBB of potential failure (Finding 4) remain applicable. We have therefore not made any further amendments to the report further to the version agreed at the discussion (apart from agreed clarifications) as this would require a substantial investment in audit resources to re-select a sample outside of the relief period and re-test.

Summary of findings

This audit has identified 8 medium and 1 low risk finding.

We identified the following issues as part of the audit:

- **Lease and Letting Renewals - Rent Review (medium)** – We noted that only 4/34 (11%) rent reviews due between May 2020 and March 2022 had been completed. 30/34 (88%) of the rent review cases are currently under negotiation. None of the 11 cases due for review in 2020 have been resolved. We were informed that the Performance Indicator (PI) target being measured against had in practice been extended from 3 months to 6 months, however this was not formally documented. Where targets were missed and these were reported to Contract Monitoring Meetings (CMMs), no updated deadline is then set to push for improved performance or clearly track slippage.
- **Income Collection and Debt Recovery: Bad Debt Write-Off (medium):** We found that 27 debts valued at £107,338 are due for write off. 24/27 (89%) valued at £100,423 of the debts expected to be written off belong to only one client (referred to in the report as Client 'X'), and they are between 6-10 years old. Further to the draft report being discussed, management have informed us that this debt has now been written off as there is no foreseeable way to recover the debt.
- **Income Collection and Debt Recovery: Debt Management (medium):** We noted that 64/449 (14%) of the debtors valued at £212,324 are currently under query. 26 of these cases are between 3-5 years old. 3 cases of bad debts valued at £132,500, which are between 7-9 years old and belong to the same client (referred to in the report as client 'Y') are being passed to the Legal team, while £50,000 payable to LBB is being delayed by the prolonged process of agreeing a Deed of Rectification & Supplemental Agreement. Further to the draft report being discussed, management have informed us that this debt has now been written off as there is no foreseeable way to recover the debt.
- **Lease and Letting Renewals: Leases Renewal (medium):** We found that only 24/45 (53%) of lease renewals due from 2020 have been renewed and 8/24 (33%) of the cases took 22 to 23 months to complete. The KPI for lease renewals is for them to be completed within 6 months of their due date. We were informed that the KPI had in practice been accepted as met if CSG informed LBB in advance of the 6-month target not being achievable. However, this agreement was not formally documented.
- **Lease and Letting Renewals: Legacy Rents and Leases (medium):** There are Legacy rents and leases that expired before the start of the CSG contract in 2013 but that are not yet renewed.
- **Lease and Letting Renewals: Insurance of Property (medium):** We noted inadequate controls and checks to ensure that commercial properties that are supposed to be insured by the lessee or tenant are in fact insured. There is a known case where a commercial property was released to a lessee without an insurance policy being in place.
- **Commercial Property Records: Register or Database (medium):** We found that the Atrium database is deficient and unable to produce vital and accurate information required by the Property Services team, the Valuation Office Agency and the insurance team.
- **Process and Procedures: Documentation (medium):** We noted that the procedures are not version controlled and are basic process maps (diagrammatical process).

Actions have been agreed with management to address the issues identified. We will report progress against these actions as part of the Q3 Progress Report to the Audit Committee.

2.1.1 Coppetts Wood School

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

Background and Scope

The audit of Coppetts Wood School was carried out as part of the planned School audits for 2021-22. The audit review covered the period April 2020 to February 2022.

Coppetts Wood School is a community school with 255 pupils on role aged between 3 and 11 years of age. Attached to the school is a Children's centre supporting families with children aged under 5. The school has an additional resourced provision for children with a diagnosis of Autism. The budgeted expenditure for the School and Children's Centre for 2021/22 is £2,096,483 with employee costs of £1,583,771 (76% of budgeted expenditure).

The school was assessed as 'Outstanding by OFSTED in September 2011.

A review of the three recommendations reported in the previous audit report dated 4 January 2018 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 Value 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:

- Purchasing– The school were not able to provide a file of signed paid invoices to support the BACs payments that had been made through the school bank account for the period from June 2021 to November 2021. Since May 2021, 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. Roles and responsibilities for ordering food for the in-house catering function and checking receipt of goods and invoices should be documented. Procedures when using the school credit cards 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. (High rated)
- Payroll–There was no evidence that payroll reports had been checked prior to the payroll date by the school or finance officer for the ten months preceding the audit visit. Inputting errors on the gross pay for three senior members of staff were made which were not corrected. Five members of staff were overpaid, but the school could not provide evidence that the overpayments were repaid. Proof that two references had been taken prior to employment could not be verified for one staff member at the audit. As the single central record was not up to date, it was not possible to confirm that references had been received for the other 28 members of staff recruited after May 2021. There was no evidence that monthly detailed monitoring of all payroll costs to budget were carried out. (High rated)
- Budget Monitoring–There was no evidence that staff costs were correctly allocated to the Children's Centre budget, and budget monitoring information was up to date and shared with Governors. The forecast information prepared in June 2021 and September 2021 and sent to the local authority was not up to date. A regular review should be carried out on the cost of supplying school meals using an in-house catering team, to quantify the cost of the catering function. (Medium rated).
- Income– The school should ensure that systems are in place to ensure that all money due from the local authority and neighbouring boroughs is identified and collected for Special Educational Needs funding. The cost of providing free childcare and free meals to the parents of nursery children should be calculated and shared with Governors. (Medium rated)
- Banking– The school should put in place a system to ensure that all cash donations paid to the children's centre are recorded and kept securely to be banked regularly. The notice of Authorised Signatories was last updated in May 2021. The authorised bank signatories list did not agree with the notice of Authorised signatories as the school business manager was added to authorise bank transactions. As the school business manager is responsible for the financial records of the school, sole authorisation of bank transactions should not be allowed. (Medium rated)
- Assets– The IT inventory spreadsheet could not be found at the audit. The inventory had not been kept up to date. No evidence of annual review, or Governor authorisation of disposals. (Medium rated)
- Single Central Record– There was missing information on the record for School staff and Governors which should be corrected. (Medium rated)

Following our 'Schools Financial Value Standard' (SFVS) self – assessment review we were able to confirm that there were no major discrepancies in judgements noted, however, although the school has responded with 'Yes', in the areas outlined below, it is the opinion of audit that this area has either not been met, or met 'In-Part' (refer also to Appendix 3 below):

A3: Does the governing body board receive clear and concise monitoring reports of the school's budget position at least six times a year? - The school has answered 'Yes', but up to date children's centre budget monitoring reports were not shared with Governors.

B6: Does the school have a realistic, sustainable and flexible financial strategy in place for at least the next 3 years, based on realistic assumptions about future funding, pupil numbers and pressures? - The school has answered 'Yes', the three year plan was not shared with Governors.

B8: Does the school have an appropriate business continuity or disaster recovery plan, including an up-to-date asset register and adequate insurance? - The school has answered 'Yes', the asset register was not available.

F23: Is the governing body sure that there are no outstanding matters from audit reports, internal audit reports or from previous consideration of weaknesses by the governing body? - The school has answered 'Yes', but one finding from the previous audit has been repeated. (Assets)

F25: Are there adequate arrangements in place to guard against fraud and theft by staff, contractors and suppliers? - The school has answered 'Yes' but refer to Findings (Purchasing/banking/assets), which should be addressed to ensure procedures are as robust as possible.

Actions have been agreed with management to address the issues identified. We will report progress against these actions as part of the Q3 Progress Report to the Audit Committee.

3.0 Progress against plan

The table below represents a summary of the work that we have completed during the period 1st April 2022 to 30th June 2022 or that is currently underway.

Stage	Name of review	Report classification	Total findings	Ratings				
				Critical	High	Medium	Low	Advisory
Q1 – 1 April – 30 June 2022								
Complete	Premises, Licensing and Gambling	Limited	5	-	2	3	-	-
Complete	Private Residential Blocks – Fire Safety	Limited	6	-	1	3	2	-
Complete	Commercial Rent and Lease Renewals	Limited	9	-	-	8	1	-
Complete	Coppetts Wood school	Limited	11	-	2	5	4	-
Complete	Local Land Charges outputs	Reasonable	5	-	1	1	1	2
Complete	Finance Global Design Principles – Project Accounting	Reasonable	4	-	-	2	1	1
Complete	Remote Working	Reasonable	4	-	-	2	2	-
Complete	Direct Payments	Reasonable	4	-	-	2	2	-
Complete	Community Infrastructure Levy	Reasonable	3	-	-	3	-	-

Complete	Highways Health & Safety	Reasonable	5	-	-	2	3	-
Complete	BELS GDPR	Reasonable	3	-	-	2	1	-
Complete	Finance global Design Principles – Project Accounting	Reasonable	4	-	-	2	1	1
Complete	Hollickwood School	Reasonable	7	-	-	5	2	-
Complete	Hasmonean Primary School	Reasonable	10	-	-	4	6	-
Complete	Northway School	Reasonable	7	-	-	3	4	-
Complete	Garden Suburb Junior School	Reasonable	6	-	-	3	3	-
Complete	Queenswell Federation	Reasonable	6	-	--	3	3	-
Complete	Brunswick Park School	Reasonable	7	-	1	-	6	-
Complete	Moss Hall Junior School	Reasonable	9	-	-	5	4	-
Complete	Rosh Pinah School	Reasonable	6	-	-	3	3	-
Complete	Sustainability Strategy	N/A	5	-	-	-	-	5
Complete	Data Maturity (Advisory)	N/A	-	-	-	-	-	-
Complete	Secure Accommodation Project (Advisory)	N/A	6	-	-	-	-	6
Complete	Supporting Families Programme – Payment by Results Q1	N/A	-	-	-	-	-	-
Complete	Contain Outbreak Management Fund (COMF) Grant	N/A	-	-	-	-	-	-

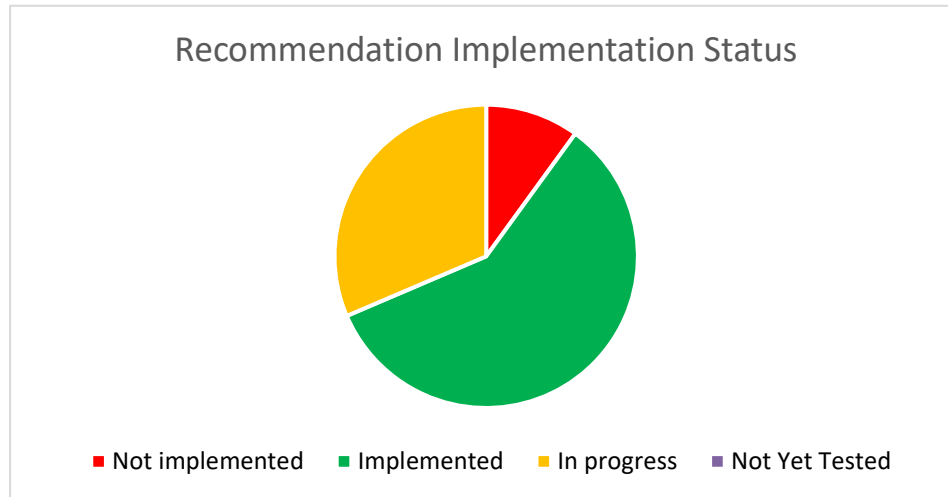
Complete	Levelling up - Protect & Vaccinate Grant	N/A	-	-	-	-	-	-
Complete	Vulnerable Renters Grant	N/A	-	-	-	-	-	-
Complete	Rough Sleeping Initiative Grant	N/A	-	-	-	-	-	-
Complete	Test and Trace Support Payment Grant Certification	N/A	-	-	-	-	-	-
Complete	Universal Drug Testing Grant	N/A	-	-	-	-	-	-
Total findings in Q1			132	-	7	61	49	15
Draft Report	Expenses	TBC	-	-	-	-	-	-
Draft Report	Finance Global Design Principles – Investment Appraisal	TBC	-	-	-	-	-	-
Fieldwork	Staff Conduct Standards Compliance	TBC	-	-	-	-	-	-
Fieldwork	Parking – PCN Debt Recovery & Write offs	TBC	-	-	-	-	-	-
Fieldwork	CAFT - Review of Fighting Fraud & Corruption Locally (FFCL) self-assessment	TBC	-	-	-	-	-	-
Fieldwork	Green Waste	TBC	-	-	-	-	-	-
Fieldwork	Risk Management	TBC	-	-	-	-	-	-
Fieldwork	Kickstart Programme	TBC	-	-	-	-	-	-
Fieldwork	Disabled Facilities Grant – Risk Based Audit of Processes	TBC	-	-	-	-	-	-

Changes to the plan								
Added to Plan	Homes for Ukraine – Processes Advisory Review of the financial processes in place	TBC	-	-	-	-	-	-
Cancelled – No outstanding actions from report.	RIPA							
Cancelled – This has been combined with a review of Compulsory Purchase Orders	CHAPS – Emergency Payments							

3.0 Follow Up

3.1 Summary

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



3.2 Outstanding actions

3.2.1 During this period we followed up 56 critical and high priority and 14 medium priority actions due by 30 June 2022.

32 critical and high priority and 9 medium priority actions were found to be implemented, superseded or closed. The status of the remaining 24 critical and high and 5 medium actions tested is summarised below.

* 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 Critical and High priority actions

	Name of report	Agreed Action	Status (Not Implemented / In Progress / Due but not yet tested)	Owner	Due Date	Slippage*
Executive Director Children's Services						
1.	Danegrove Primary School 1 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.	Not Implemented Revised due date: 30 th September 2022	Bursar/School Business Manager/Headteacher/Governors	31-May-21 then April 2022	2
2.	Danegrove Primary School 1 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.	Not Implemented Revised due date: 30 th September 2022	Bursar/Headteacher/ Governors	30-Jun-21 then April 2022	2
3.	Danegrove Primary School 1 June 2021	6.5 Information to support the grant claim	Not Implemented Revised due date:	Bursar/School Business Manager/Headteacher/Governors	23-Jul-21 then April 2022	2

		under the Coronavirus Job Retention Scheme will be filed.	30 th September 2022			
4.	Danegrove Primary School 30 May 2022	1.1 The school will update the Notice of Authorised Signatories	<p>Substantial progress</p> <p>Notice of authorised signatories document could not be found in school</p> <p>Revised due date: 30th September 2022</p>	Bursar/School Business Manager/Headteacher/Governors	28/05/2021 then April 2022	2
5.	Danegrove Primary School 30 May 2022	1.2 The school will refer to Section 1.2 of the Financial Guide for schools and ensure that sufficient members of staff are included to allow for separation of duties, allow for absences, and ensure that the authorised signatories for cheque signing/BACs authorisation are reflected on the Bank Mandate.	<p>Substantial progress</p> <p>Notice of authorised signatories document could not be found in school</p> <p>Revised due date: 30th September 2022</p>	Bursar/School Business Manager/Headteacher/Governors	28/05/2021 then April 2022	2

6.	Danegrove Primary School 30 May 2022	5.2 The school will complete monthly salary monitoring to comply with the financial guide for schools.	<p><u>Reasonable Progress</u></p> <p>Accountant has been concentrating on year end and setting the budget. She has not yet completed salary monitoring for April and May 22 but is planning to do this monthly going forward.</p> <p>Revised due date: 30th September 2022</p>	Bursar/Headteacher/ Governors	30/06/2021 then April 2022	2
7.	Danegrove Primary School 30 May 2022	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.	<p><u>Limited Progress</u></p> <p>Review of a recent contract showed that there is still reference to National terms and conditions and the Green book.</p> <p>Revised due date: 30th September 2022</p>	Bursar/School Business Manager/Headteacher/Governors	23/07/2021 then April 2022	2
8.	Danegrove Primary School 30 May 2022	6.7 <i>The school will complete monthly salary monitoring to comply with the financial guide for schools.</i>	<p><u>Limited Progress</u></p> <p>Accountant has been concentrating on year end and setting the budget. She has not yet completed salary monitoring for April and May 22 but is planning to do this monthly going forward.</p> <p>Revised due date: 30th September 2022</p>	Bursar/School Business Manager/Headteacher/Governors	23/07/2021 then April 2022	2

Strategic Director: Deputy Chief Executive

<p>9.</p>	<p>Land Charges - Review of Planning Data Controls and Policies</p> <p>December 2020</p>	<p>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,</p>	<p>Reasonable Progress</p> <p>Re have raised an issue relating to this action via the Contract Monitoring Meetings. Initial investigation is showing that the risk relating to CIL income (missed liabilities) may have materialised. Further investigation is needed and this will be undertaken as a priority. An update will be provided to the next Audit Committee meeting.</p> <p>Revised due date: 31st March 2023</p>	<p>Transformation Manager</p>	<p>31/3/21 then 31/01/22</p>	<p>2</p>
<p>10.</p>	<p>Land Charges - Review of Planning Data Controls and Policies</p> <p>December 2020</p>	<p>1.2 We will define appropriate data quality metrics against which ongoing effectiveness can be assessed.</p>	<p>Limited Progress</p> <p>The action is waiting for assistance from HM Land Registry to define data metrics.</p> <p>The initial work was intended to start in October 2021 but has been delayed and the latest update is that work will start in June 2022 due to delays in their contractor for the work being available to commence activity in Barnet.</p> <p>Revised due date: 31st March 2023</p>	<p>Transformation Manager</p>	<p>31/3/21 then 31/03/22</p>	<p>2</p>
<p>11.</p>	<p>Land Charges - Review of Planning Data Controls and Policies</p>	<p>1.3. We will define and implement a strong data</p>	<p>Reasonable Progress</p> <p>For this action to be considered fully implemented, the following actions should be completed:</p>	<p>Head of Organisational Insight & Intelligence, LBB</p>	<p>31/3/21</p>	<p>3</p>

	December 2020	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.	<p>1. Fully launch The Data Management Framework across the Council, as it has only been soft launched in the Council, through the Analyst and Insight networks.</p> <p>2. Clarify with the Information Governance team where the Framework will sit, and where responsibilities lie.</p> <p>Revised due date: 30th September 2022</p>		then 31/10/21 then 31/3/22	
12.	Land Charges – Review of Planning Data	1.4 We will create a data directory that would provide	<p>Limited Progress</p> <p>There has been no follow up work undertaken. It is considered that this action should be reassigned to Re</p>	Head of Organisational Insight & Intelligence, LBB	31/3/21 then 31/01/22	2

	Controls and Policies December 2020	clarity over which data items are essential versus nice-to-have.	who are better placed to assess the relevant data sets in order to produce the data directory. Revised due date: 31 st March 2023			
13.	Land Charges - Review of Planning Data Controls and Policies December 2020	1.6 We will review other data inputs that feed into the LLC process taking into consideration the implications from this audit.	Reasonable Progress For this action to be considered fully implemented, the following actions should be completed: 1. Completion of the automation plans that will be used to improve the quality of the small subset of Land Charges and some non-Land Charge critical data from the Public Protection and Highways processes. 2. Providing a plan that will be used to improve the quality of Highways data, which is usually critical data that is non Land Charge related, with the help of the newly appointed GIS officer. Revised due date: 31 st March 2023	Transformation Manager	31/3/21 then 31/01/22	2
14.	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.	Limited Progress Re have raised an issue relating to this action via the Contract Monitoring Meetings. Initial investigation is showing that the risk relating to CIL income (missed liabilities) may have materialised. Further investigation is needed and this will be undertaken as a priority. An update will be provided to the next Audit Committee meeting. Revised due date:	Transformation Manager	31/3/21 then 31/01/22	2

			31 st March 2023			
15.	Land Charges - Review of Planning Data Controls and Policies December 2020	2.1 We will define appropriate roles and responsibilities for the data used within the LLC process (including data owners).	<p>Reasonable Progress</p> <p>For this action to be considered fully implemented, the following actions should be completed:</p> <p>1. Continue to identify data custodians to data assets in the draft dataset overviews, as the documents showed that 25 data assets did not have an assigned data custodian. Once this is completed, have the published list of data custodians published as a Data Directory within the Business Management System.</p> <p>Revised due date: 30th September 2022</p>	Transformation Manager	31/3/21 then 31/01/22	2
16.	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.	<p>Reasonable Progress</p> <p>For this action to be considered fully implemented, the following actions should be completed:</p> <p>1. Completion of the work included in the easy wins category, once preparations have been completed. 2. Completion of defining the data requirements for Highways data.</p> <p>Revised due date: 31st March 2023</p>	Transformation Manager	31/3/21 then 31/01/22	2
17.	Land Charges - Review of Planning Data	2.3 We will implement governance procedures to	<p>Limited Progress</p> <p>The evidence provided does not suggest that any work has started as</p>	Transformation Manager	31/3/21 then 31/03/22	2

	<p>Controls and Policies</p> <p>December 2020</p>	<p>sustain data quality levels going forward, including formalised processes for updating data quality requirements as needed.</p>	<p>there have been delays from HMLR, therefore this action has been marked as not implemented. The outstanding work is to begin the work to implement governance procedures to sustain data quality levels going forward, including formalised processes for updating data quality requirements as needed.</p> <p>Revised due date: 31st March 2023</p>			
18.	<p>Land Charges – Review of Planning Data Controls and Policies</p> <p>December 2020</p>	<p>2.6. We will develop a communication plan to present and share data quality initiatives and sustaining activities between the different teams.</p>	<p>Reasonable Progress</p> <p>The Data Management Framework FINAL (Feb 22) document was reviewed. This document explains the vision, roles and responsibilities, the data quality training that will be delivered by the Insight & Intelligence Hub.</p> <p>For this action to be considered fully implemented, the following actions should be completed:</p> <ol style="list-style-type: none"> 1. Fully launch The Data Management Framework across the Council, as it has only been soft launched in the Council, through the Analyst and Insight networks. 2. Clarify with the Information Governance team where the Framework will sit, and where responsibilities lie. 3. Ensure that Re/ Capita is made aware of the actions undertaken and include reference to Re/ Capita in the Data Management Framework so that Re colleagues are made aware of any areas that may apply to them. 	<p>Transformation Manager</p> <p>Update: now Head of Organisational Insight & Intelligence, LBB</p>	<p>31/3/21</p> <p>then 31/10/21</p> <p>then 31/3/22</p>	<p>3</p>

			Revised due date: 30 th September 2022			
19.	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 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.	Limited Progress Re have raised an issue relating to this action via the Contract Monitoring Meetings. Initial investigation is showing that the risk relating to CIL income (missed liabilities) may have materialised. Further investigation is needed and this will be undertaken as a priority. An update will be provided to the next Audit Committee meeting. Revised due date: 31st March 2023	Transformation Manager	31/3/21 then 31/01/22	2
20.	Land Charges – Review of Planning Data Controls and Policies December 2020	2.8 We will consider the risks to understand any work that may be required to improve data quality that have	Reasonable Progress For this action to be considered fully implemented, the following actions should be completed: - According to the project timeline the following actions are to be completed between May and December 22, and	Transformation Manager	31/3/21 then 31/01/22	2

		not already been addressed.	<p>therefore this action has been marked as partly completed:</p> <ol style="list-style-type: none"> 1. Data Custodians complete Dataset Overviews 2. Identification of quick wins 3. Delivery of quick win plans 4. Data Custodians define their process strengths, weaknesses, opportunities and threats and produce a SWOT analysis document 5. Recommendations for future changes to improve <p>Revised due date: 31st December 2022</p>			
21.	<p>QL Housing System</p> <p>Jan-22</p>	<p>1a. A central listing of all property additions, disposals, and changes in categorisation (e.g., demolitions) within the Council will be created and stored in a shared drive so that relevant Council and Barnet Homes officers can access it to perform updates and</p>	<p><u>Reasonable Progress</u></p> <p>Confirmed that a Teams channel has been created titled 'QL and Regeneration reconciliation', which is accessible to all relevant members of the Council and Barnet Homes.</p> <p>A template has been created and put into the Channel. Template to be refined and populated with key information (i.e., property additions, disposals, and changes in categorisation).</p> <p>Revised target date: 31st August 2022</p>	<p>Head of Housing and Regeneration, Barnet Council</p>	<p>31/3/22</p>	<p>1</p>

		reconciliations to the QL system.				
22.	QL Housing System Jan-22	1c. We will run periodic reconciliations (e.g., quarterly) between property listings maintained by other teams to the QL system and stored in a central location, so they are accessible to relevant officers.	<p>Reasonable Progress</p> <p>Quarterly reconciliations to commence as at June 2022 (31 March 2022 year-end).</p> <p>First quarterly reconciliation has not yet performed as this is due for June 2022 (Q1); however, we note that the year-end reconciliation has been performed as per the above. The Q1 reconciliation should be prepared and reviewed in a timely manner.</p> <p>Revised target date: 31st August 2022</p>	Finance Director, The Barnet Group	31/3/22	1
23.	Private Residential Blocks – Fire Safety 1 May 2022	1c. We will formally update the tracker on a regular (e.g., monthly) basis. This will include stating the date each building is risk assessed and obtaining important (and missing) information for high-risk blocks on inspection, such as the details of occupants (to	<p>Reasonable Progress</p> <p>The Private Sector Housing Manager (Re) provided evidence of the weekly Private Sector Housing team minutes (15th & 19th July and 9th August 2022) indicated that significant work was ongoing to update the tracker and that progress was being discussed and minuted within the Private Sector Housing team.</p> <p>Whilst the tracker has been updated since the previous review and there is evidence that the team update it regularly (from the meeting minutes), it is noted that gaps remain including on high-risk buildings, such as the details of occupants (2/7) and building owner/freeholder names (3/7 - although in all</p>	Private Sector Housing Manager (Re)	30/06/2022	1

		identify whether there are any vulnerabilities) and building owner/freeholder names.	<p>three cases the property management company had been identified).</p> <p>Further Action: Where an inspection has not yet been undertaken (on a high-risk building), the key information pertaining will be obtained and the tracker updated to ensure we have all relevant information where possible ahead of the inspection.</p> <p>Revised Due Date: 31 October 2022</p>			
24.	Private Residential Blocks – Fire Safety 1 May 2022	1d. Where details of new properties are provided (e.g., via referral), we will perform an initial risk-rating based on known data so that the ratings of all buildings included in the tracker are known to officers. This will include buildings between 11-18 metres in height.	<p>Reasonable Progress</p> <p>The number of tabs in the tracker has increased and it was noted that three new tabs had been added - "low priority", "buildings under construction", and "completed cases". There are 78 properties listed on these three tabs. The number of live cases has increased from six to 57; however, the number of pending cases has decreased from 221 to 76 (these have been reallocated to the other tabs).</p> <p>It was noted on both the live cases and pending cases tabs an initial risk-rating had not been assigned to all properties listed, including 18 listed on the live cases tab.</p> <p>Further Action: We will continue to assign risk-ratings to all properties listed on the live and pending cases tabs based on known data so that the ratings of all buildings included in the tracker are known to officers.</p> <p>Revised Due Date: 31 October 2022</p>	Private Sector Housing Manager (Re)	30/06/2022	1

3.2.3 Outstanding medium priority actions

	Audit Title	Audit Date	Ref	Finding	Action	Responsible officer	Due date	Progress report for Audit Committee end Q4
1.	QL Housing System	Jan-22	2b	Accuracy of the QL property portfolio	We will consider options to automate the process for uploading property additions within the QL portfolio and/or clarify roles and responsibilities in relation to these uploads so the onus is on the individual teams to make these changes, with the IT Manager having a level of system review once changes are made.	Finance Director, The Barnet Group	31/03/2022	In progress Revised target date: 31/8/22
2.	QL Housing System	Jan-22	3	Timeliness of communication between Barnet Homes and the Council	Barnet Homes and the Council will meet quarterly to communicate Council property additions and disposals. To do so, Barnet Homes and the Council will draft a Terms of Reference, which will outline the purpose of the meetings, a timetable	Head of Housing and Regeneration, Barnet Council, Finance Manager, Barnet Council, Finance Director, The Barnet Group	31/03/2022	In progress Revised target date: 31/8/22

					for meetings and relevant attendees.			
3.	Council Tax	31/12/2021	3a	The retention of supporting documentation for debt write-off	a. Evidence of debt write-off supporting documentation write-off request forms with reasons for write-off, tracing reports, Experian reports and management checks will be completed and retained for referral.	Revenues Operation Manager, CSG Revs & Bens Contract Manager for London Borough of Barnet, CSG	01/03/2022	In Progress Over £5k write-offs - satisfactory - Implemented Under £5k write-offs - testing in progress, awaiting final evidence which is expected w/c 30 th August. The DPR has been sent for clearance. Delays caused by pressures from Energy Rebate and Business Rate Relief Scheme.
4.	Private Residential Blocks – Fire Safety	01/05/2022	2	Risk rating methodology for high-risk blocks	We will formalise our approach for prioritising inspections/ other activities in relation to fire safety (e.g., enforcement notices) in all blocks identified as high-risk in the tracker. Where there are gaps in relation to known vulnerabilities of occupants, we will obtain this information (e.g., via desktop	Private Sector Housing Manager (Re)	30/06/2022	In Progress The risk rating system has not changed since the initial 21/22 internal audit review. There has been no progress made in developing a formalised approach for prioritising inspections/ other activities in relation to fire safety (e.g., enforcement notices) in all blocks identified as high-risk in the tracker.

					analysis) where possible, so that we can make an informed decision towards prioritising certain blocks. Where this is not possible, we will obtain this information through inspection and subsequently update the tracker with this information.			<p>It was noted that there has been some changes in the risk ratings used in the tracker as medium-risk rated buildings are now assigned a medium risk rating 1, 2 or 3, which helps to prioritise medium risk buildings in the tracker.</p> <p>There continue to be some gaps in terms of the known vulnerabilities of occupants in those high-risk buildings that have not yet been inspected.</p>
5.	Parking - PCN Cancellations 2019-20	15/09/2021	2f	Cancelling / Issuing Blue Badge PCNs without CAFT Awareness	<i>CAFT and Parking will work together to review the training that NSL Civil Enforcement Officers (CEOs) are receiving on identification of potential Blue Badge misuse.</i>	Assistant Director, Parking	31/10/2021	<p>Partly Completed</p> <p>In January 2022 it was confirmed that formal training has been delivered twice, however due to the high turnover of staff further training may be needed later in 2022 on identifying further Blue Badge misuse. CAFT confirmed this further training has not happened yet due to capacity issues</p>

4.3 Completed actions

4.3.1 During this period we followed up 32 critical and high priority and 9 medium priority actions which are deemed to have been implemented, superseded or closed. These are listed below:

4.3.2 Completed critical and high priority actions

Name of report	Agreed Action	Owner	Due Date
1. Land Charges - Review of Planning Data Controls and Policies December 2020	1.7. We will support an audit of outputs in 2021 to provide assurance that the risks identified have not materialised into issues.	Transformation Manager With Internal Audit	28/2/22
2. QL Housing System Jan-22	1b. We will perform a detailed movement analysis at each year-end for the movement in properties owned year on year to correctly identify any unusual transactions or inaccuracies in the number reported. This will be formally reviewed and signed-off by appropriate individuals.	Finance Director, The Barnet Group	31/3/22
3. QL Housing System Jan-22	1d. In order to ensure that the Council receives a complete validated list of properties, we will investigate if it is possible to add additional indicators into QL to show when properties have been demolished/ disposed of and are still owned by the Council.	Finance Director, The Barnet Group	31/3/22
4. QL Housing System Jan-22	1e. We will investigate ways to maintain an audit trail of reasons for stock movement within the QL system, and, in the meantime, confirm the reasons for property movements with the Council's Regeneration team for each property prior to issuing the list to the Council.	Finance Director, The Barnet Group	31/3/22

Name of report	Agreed Action	Owner	Due Date
5. Trade Waste January 2022	1a. Management will agree and document the policy for the numbers of Trade Waste crews who should be monitored daily. Commercial Trade Waste crews will be monitored in line with the agreed policy, including the completion of the Recycling and Waste Monitoring checklist. Management have confirmed a policy as follows; - One crew will be monitored daily as a minimum position. - Additional monitoring beyond that will be undertaken in line with Management assessment of further risk in relation to crew operation.	Street Scene Director	1/2/2022
6. Trade Waste January 2022	c. For Trade Waste operation, where the risk of illicit activity is inherently higher, Management will ensure that a policy of attempting to hire vehicles with CCTV in the first instance is embedded in operation.	Street Scene Director	1/2/22
7. Trade Waste January 2022	e. Vehicle tracker monitoring will be undertaken daily for Trade Waste teams in line with the agreed procedure. Monitoring should ensure that the routes of all Commercial (Trade) waste crews are covered in the sample checked. Note: The policy refers to monitoring of the tracking records of one Trade collection vehicle each day Monday to Friday.	Street Scene Director	1/2/22
8. Danegrove Primary School 30 May 2022	<u>Critical</u> 1.3 The school will ensure that the person who has been recognised by the bank to authorise payments on behalf of the school uses their own log in to authorise bank payments from the account.	Bursar/School Business Manager/Headteacher/Governors	01/04/2022

	Name of report	Agreed Action	Owner	Due Date
9.	Danegrove Primary School 30 May 2022	<u>Critical</u> 1.5 The school will correct errors on the main school bank account reconciliation. Monthly reports presented to the Headteacher for authorisation will include detailed reports for 'unpresented cheques' and 'unpresented income.' All reports will be signed to evidence her review.	Bursar/School Business Manager/Headteacher/Governors	01/04/2022
10	Danegrove Primary School 30 May 2022	<u>Critical</u> 2.1 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. An audit trail will be available which allows an item to be traced through from ordering through to payment of the invoice.	Bursar/School Business Manager/Headteacher/Governors	01/04/2022
11	Danegrove Primary School 30 May 2022	<u>Critical</u> 2.2 The School Bursar will clearly initial in the rubber stamp grid on the invoice that the invoice has been checked for accuracy of quantity, price, and calculation against the original order.	Bursar/School Business Manager/Headteacher/Governors	01/04/2022
12	Danegrove Primary School 30 May 2022	<u>Critical</u> 2.3 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.	Bursar/School Business Manager/Headteacher/Governors	01/04/2022
13	Danegrove Primary School 30 May 2022	<u>Critical</u> 2.4 Invoices will be prepared for payment and presented to the Headteacher with a bank payment report showing that the payment batch is ready for authorising on the Lloyds online Banking software.	Bursar/School Business Manager/Headteacher/Governors	01/04/2022

Name of report	Agreed Action	Owner	Due Date
14 Danegrove Primary School 30 May 2022	<u>Critical</u> 2.5 The Headteacher will authorise invoices, and log onto the Lloyds Banking software to authorise payment through the bank account. The bank payment report will be signed and dated as evidence of the process.	Bursar/School Business Manager/Headteacher/Governors	01/04/2022
15 Danegrove Primary School 30 May 2022	<u>Critical</u> 2.6 The school will set a limit above which a second person must authorise bank payments. Where the payment exceeds this limit, a second authorised person will log onto the Lloyds Banking software to authorise payment through the bank account. This process will be documented and approved by Governors. The authorised signatories will not include the school Bursar who is responsible for the school accounts.	Bursar/School Business Manager/Headteacher/Governors	01/04/2022
16 Danegrove Primary School 30 May 2022	<u>Critical</u> 2.7 All payments made by direct debit through the school bank account will be matched with a valid invoice. The invoice will be verified as above and signed as authority for payment by an authorised signatory on the bank account.	Bursar/School Business Manager/Headteacher/Governors	01/04/2022
17 Danegrove Primary School 30 May 2022	<u>Critical</u> 2.8 The school will approve a credit card policy and use of the school credit card to ensure that all purchases are reviewed and executed in accordance with requirements as approved within the School's Financial Management and Procedures Policy, ensuring at all times that a separation of duties exists between purchase order request, purchase order approval and online payment by debit card, sufficient	Bursar/School Business Manager/Headteacher/Governors	01/04/2022

Name of report	Agreed Action	Owner	Due Date
	budget is available, a record is kept of delivery to the school and that approved purchase orders and debit card authorisation forms are retained for each purchase for independent review and scrutiny where necessary.		
18 Danegrove Primary School 30 May 2022	<u>Critical</u> 2.9 VAT will not be claimed without a confirmed VAT receipt.	Bursar/School Business Manager/Headteacher/Governors	01/04/2022
19 Danegrove Primary School 30 May 2022	3.1 The school will refer to the Barnet Schools Financial Guide, section 8 (Taxation). The school will ensure that VAT is not claimed unless a VAT receipt is available to support the reclaim.	Bursar/School Business Manager/Headteacher/Governors	01/04/2022
20 Danegrove Primary School 30 May 2022	3.3 VAT reports will be sent to the local authority monthly to support VAT claims.	Bursar/School Business Manager/Headteacher/Governors	01/04/2022
21 Danegrove Primary School 30 May 2022	4.1 The school will comply with the Scheme for Financing Schools section 2.2 (Provision of Financial Information and Reports). The school will provide the Local authority with details of anticipated and actual expenditure and income, in a prescribed format. The information will be provided every three months, and monthly for those connected with tax and banking reconciliation.	Bursar/Headteacher/ Governors	01/04/2022
22 Danegrove Primary School 30 May 2022	4.2 The school will correct errors in the current year accounting records, and prior year VAT returns, so that an accurate actual financial position can be used as a basis to forecast total year expenditure.	Bursar/Headteacher/ Governors	01/04/2022
23 Danegrove Primary School 30 May 2022	4.4 The school will produce a three-year plan, which will be presented to Governors. If the three-year plan indicates that current levels of expenditure are too high, then the Governors will take action to reduce	Bursar/Headteacher/ Governors	01/04/2022

Name of report	Agreed Action	Owner	Due Date
	future costs.		
24 Danegrove Primary School 30 May 2022	5.1 The school will refer to the Financial Guide for Schools section 2.5 (Budget monitoring and control) for guidance. Monthly monitoring reports will be completed, and evidence retained of Headteacher and Governor review and approval.	Bursar/Headteacher/ Governors	01/04/2022
25 Danegrove Primary School 30 May 2022	5.3 Items of a capital nature will be recorded as capital expenditure.	Bursar/Headteacher/ Governors	01/04/2022
26 Danegrove Primary School 30 May 2022	5.4 Year-end accruals will be calculated in line with local authority requirements.	Bursar/Headteacher/ Governors	01/04/2022
27 Danegrove Primary School 30 May 2022	6.1 The school will correspond with the payroll provider to ensure that payroll records for non-teaching staff record the Unified Reward paygrade for each member of staff.	Bursar/School Business Manager/Headteacher/Governors	01/04/2022
28 Danegrove Primary School 30 May 2022	6.3 All changes to payroll and overtime claims will be authorised and filed to support additional payment. A member of staff will sign and date the forms to show that the change has been made in the Payroll provider's online payroll portal. When month end pre-payroll reports are received, a member of school staff will check that the changes entered into the payroll portal have correctly been processed by the payroll provider.	Bursar/School Business Manager/Headteacher/Governors	01/04/2022
29 Danegrove Primary School 30 May 2022	6.4 The school will retain evidence that annual performance reviews are undertaken for non-teaching staff and teachers.	Bursar/School Business Manager/Headteacher/Governors	01/04/2022

	Name of report	Agreed Action	Owner	Due Date
30	Danegrove Primary School 30 May 2022	6.6 The Headteacher and school business manager will sign the monthly payroll report as evidence of their review.	Bursar/School Business Manager/Headteacher/Governors	01/04/2022
31	Estates Compliance November 2021	b) CSG Management will propose to the authority an update to the existing KPI that recognises: 1. The compliance elements being measured e.g., Fire and Water Risk Assessments 2. The individual steps required to inspect, define, procure and deliver the required remedial works. 3. The steps and associated timescales will nominate an owner recognising that accountability can shift from the service provider to the contractor through the lifecycle of the works.	Head of Building Services, CSG Building Compliance Officer, LBB	30/11/2021 then 31/3/2022 then 30/6/2022
32	Private Residential Blocks – Fire Safety 1 May 2022	1a. We will perform a cost vs. benefit analysis to determine whether additional resources are required to support the Private Sector Housing team in managing the fire safety risks in private sector housing in the borough.	Head of Housing and Regeneration, Commissioning Lead, Growth and Development Team and Private Sector Housing Manager (Re)	30/6/22

4.3.3 Completed medium priority actions

	Audit Title	Audit Date	Ref	Finding	Action	Responsible officer	Due date
1.	QL Housing System	Jan-22	2a	Accuracy of the QL property portfolio	The Data Integrity Working Group will finalise documentation of the sampling process for confirming accuracy of changes made to the system so that we can be held accountable for the samples selected.	Finance Director, The Barnet Group	31/03/2022
2.	QL Housing System	Jan-22	4	Additions and disposals process notes	Formal process notes for making changes to property status (e.g., 'Active', 'Sold', 'Demolished', 'Decommissioned', 'Void') on the QL Housing System will be prepared, reviewed and shared with relevant officers.	Finance Director, The Barnet Group	31/03/2022
3.	Council Tax	31/12/2021	1b	Referrals to CAFT	b. CSG will refer potentially fraudulent Council tax cases to CAFT for investigation.	Revenues Operation Manager, CSG Revs & Bens Contract Manager for London Borough of Barnet, CSG	01/03/2022

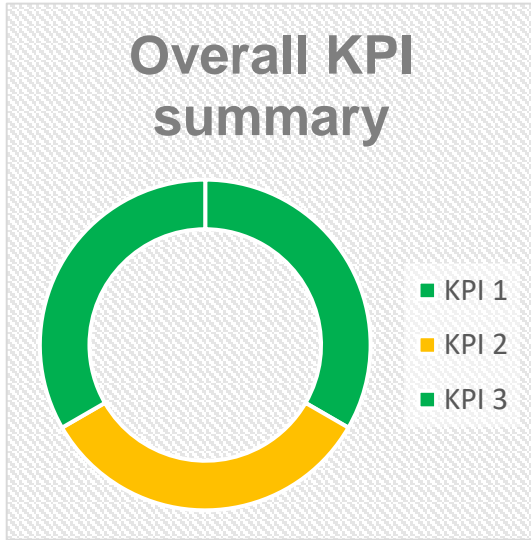
4.	Council Tax	31/12/2021	2a	The investigation of NFI data matches	a. NFI data matches run in April 2021 and November 2021 will be investigated. Any new data matching sets will also be investigated when they arise, for example, we understand that a new data match will be run in the new year when the electoral register is updated	Revenues Operation Manager, CSG Supported by Senior Financial Fraud Investigator (AFI), Corporate Anti-Fraud Team (CAFT), Assurance Group	31/03/2022 - 30/06/2022
5.	Follow-up review of 'Finance Global Design Principles' -General Ledger Note: Superseded by the project to replace Integra and Core	24/06/2021	1a	Accuracy on Integra Chart - Data Synchronisation	The project SLAM will look at the possibility of synchronisation of master data across all systems to ensure accuracy of information and a reduction in delays.	Corporate Programmes Advisor (SLAM project team)	30/09/2021
6.	Finance Global Design Principles Follow-Up: Account Receivable	28/06/2021	2a	Accuracy of Credit Note Processing - Approval limits	a)The Chief Accountant will agree separate delegated limits needed for credit notes; as to what limits shall apply to each category of staff either through a separate document applying to credit note processing or by staff post	Finance Chief Accountant CSG	30/11/2021

7.	Finance Global Design Principles Follow-Up: Account Receivable	28/06/2021	2b	Accuracy of Credit Note Processing - Approval limits	b) The Systems Manager will devise a system to implement a process of locking down credits notes to who can raise them, and who can authorise them based on the position of the person who raised them.	Finance Manager – Financial Systems Assistant Income Manager REMAINING ACTION SITS WITH CSG	30/11/2021
8.	Finance Global Design Principles Follow-Up: Fixed Assets	31/05/2021	1a	Documented procedures governing fixed asset processing, including CIPFA Asset Manager	a. Processes relevant to fixed assets processing in CIPFA Asset Manager and Integra will be documented in a procedure note, including: - the reconciliation processes between CIPFA Asset Manager and other systems storing fixed asset data such as Atrium (Estates) and QL (Barnet Homes) and Integra; and - communication arrangements for identifying fixed asset acquisitions and disposals.	Assistant Finance Manager – Financial Controls, Closing Team Finance Manager - Capital Previously: Finance Manager – Financial Control Team	01/07/2021

9.	Private Residential Blocks – Fire Safety	01/05/2022	3	Roles and responsibilities	We will establish what the roles and responsibilities of officers with involvement in private residential blocks – fire safety is (in particular those who are listed as core members of the Fire Safety Group) and we will formally document these within the FSG Terms of Reference.	Head of Programmes, Performance and Risk	30/06/2022
----	--	------------	---	----------------------------	--	--	------------

Appendices

Appendix A: Key performance indicators (KPIs)



KEY:

Fully Achieved

Partially Achieved

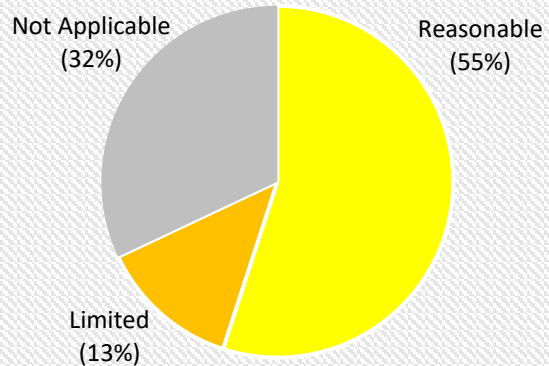
Not Achieved

N/A



KPI	Target	Results	Comment										
1. % Of Plan delivered	24%	34%	<p>Q1 target: 24% Q2 target: 48% Q3 target: 71% Q4 target: 95%</p> <p>Work in progress is incorporated as follows:</p> <table border="1"> <tr> <td>Not Started</td> <td>0%</td> </tr> <tr> <td>Planning</td> <td>20%</td> </tr> <tr> <td>Fieldwork</td> <td>50%</td> </tr> <tr> <td>Draft Report</td> <td>90%</td> </tr> <tr> <td>Complete</td> <td>100%</td> </tr> </table> <p>Up to 50% of target = Not Achieved 51% - 99% of target = Partially Achieved 100% of target = Fully Achieved</p>	Not Started	0%	Planning	20%	Fieldwork	50%	Draft Report	90%	Complete	100%
Not Started	0%												
Planning	20%												
Fieldwork	50%												
Draft Report	90%												
Complete	100%												
2. Verification that at least 90% of High and Medium Risks have been mitigated by management at the time of follow up	90%	59%	<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



- Substantial
- Reasonable
- Limited
- No
- Partially Implemented
- N/A
- Implemented

4. % Of reports year to date achieving:			
•Substantial	N/A	0%	
•Reasonable		55%	
•Limited		13%	
•No Assurance		0%	
•Partially Implemented		0%	
•Implemented		0%	
•N/A		32%	
		32%	

Audit Committee

AGENDA ITEM 12

15th September 2022



Title

**Corporate Anti-Fraud Team (CAFT)
Q1 report 2022-23**

Report of

Executive Director of Assurance

Wards

All

Status

Public

Urgent

No

Key

No

Enclosures

*Appendix 1 - CAFT Annual Report
1st April 2022 – 30th June 2022*

Officer Contact Details

Clair Green

clair.green@barnet.gov.uk

0208 359 7791

Summary

This report covers the period 1st April 2022 to 30th June 2022 and represents an up-to-date picture of the work undertaken by Corporate Anti-Fraud Team (CAFT) during that time

Recommendation

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

1. WHY THIS REPORT IS NEEDED

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

2. REASONS FOR RECOMMENDATIONS

- 2.1 To agree and accept the Q1 CAFT report for 2022-23

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 **None**

4. POST DECISION IMPLEMENTATION

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

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

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

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

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

4.2 Social Value

- 4.2.1 **N/A**

5.3 **Legal and Constitutional References**

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

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

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

5.4 **Risk Management**

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

5.5 **Equalities and Diversity**

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

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

5.6 **Corporate Parenting**

5.6.1 N/A

5.7 **Consultation and Engagement**

5.7.1 None

5.8 **Insight**

5.8.1 N/A

6 **ENVIRONMENTAL IMPACT**

6.1 None in the context of this report.

7.1 BACKGROUND PAPERS

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

Appendix 1

Corporate Anti-Fraud Team (CAFT) Progress Report: 1 April 2022 – 30 June 2022

EXECUTIVE SUMMARY

This report is to provide a summary on the outcome of all CAFT work undertaken during 1 April 2022 to 30 June 2022 and represents an up-to-date picture of the work undertaken, including CAFT progress and outcomes set against the objectives as set out in our annual strategy and work plan.

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

The **Corporate Fraud Team** investigated **44** cases of alleged fraud. These investigations resulted in **1** Covid Grant being denied (valued at £10,000) as well as several recovery cases relating to Council Tax payments.

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

The **Concessionary Travel Fraud** Team has investigated **107** cases of alleged Blue Badge misuse, fraudulent appeals relating to penalty charge notices (PCNs) and alleged parking permit fraud. These resulted in **5** criminal prosecutions and **22** cautions being administered.

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

The **Tenancy Fraud team** has continued to work in challenging conditions this quarter, however they have investigated **225** cases of alleged Tenancy Fraud. They were responsible for recovering **8** properties and prosecuting a case of a fraudulent succession application. The team also prevented **6** Right to Buy applications due to the applicants not being eligible to purchase under the scheme. **A** further **5** Right to Buy applications were denied as Anti-Money Laundering (AML) checks had failed to verify the origin of funds being used. In addition to this, Tenancy fraud officers prevented **7** new applications that were submitted by persons who were not eligible to be housed. This included 3 Sole to Joint tenancy applications and 1 Assignment, all of which were cancelled due to the applicant not being resident at the property for the prescribed 12 months. There were also 3 homeless applications, 1 was cancelled for not having any links to the London Borough of Barnet, 1 applicant moved out of the Barnet area and 1 was cancelled due to providing a false application. Other cases continue to progress, as the ability to interview suspected offenders gathers pace.

There have been **14 Financial (Proceeds of Crime) Investigations** carried out this quarter. **11** of these are ongoing and recovery of confiscation orders continues. **2** cases were concluded as the full Proceeds were recovered and **1** case closed due to insufficient evidence to continue.

In addition to the specialist Financial investigative role, CAFT continue to provide advice and support to every aspect of the organisation including its partners and contractors. This advice varies between fraud risk, prevention and detection, money laundering and other criminal activity as well as misconduct and misuse of public funds. Some of the matters will progress to criminal investigation and others will not, but in all cases appropriate actions, such as disciplinary or recovery action is taken. It is this element along with

'preventative – deterrent' nature of the CAFT work that is hard to quantify statistically but where possible we have done so in the performance indicators section of this report.

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

Other information reported as per requirements of policy.

Number of requests authorised for surveillance in accordance with Regulation of Investigatory Powers Act 2000 (RIPA).	2 this Quarter. This statistic is reported for information purposes in accordance with our policy and statistical return to the Office of Surveillance Commissioners.
Number of referrals received under the council's whistleblowing policy.	0 this Quarter

CORPORATE FRAUD

There have been **44** cases dealt with in **Quarter one** of 2022-23 relating to Fraud against services provided by the Council or within Service Areas

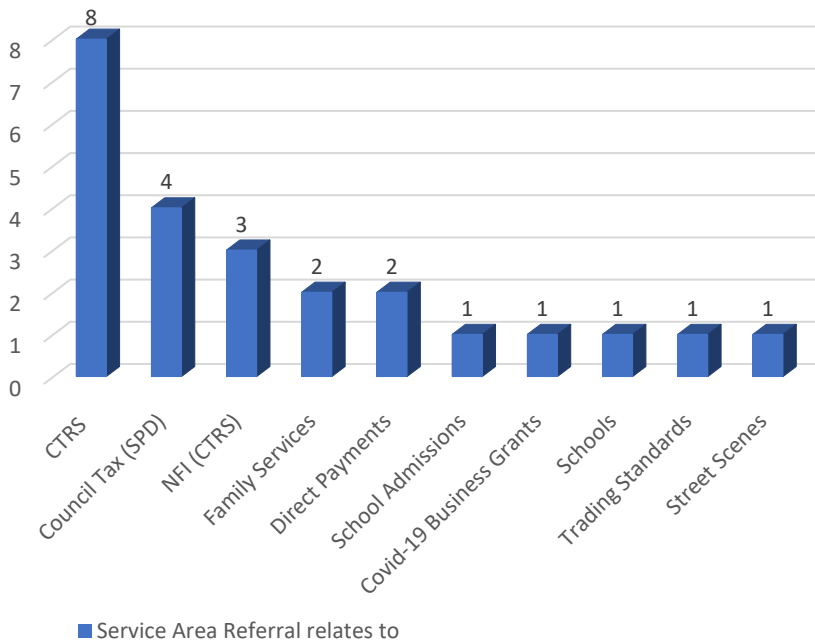
20 cases carried forward from 2021-22

24 New referrals received in quarter 1

10 cases were closed in quarter 1

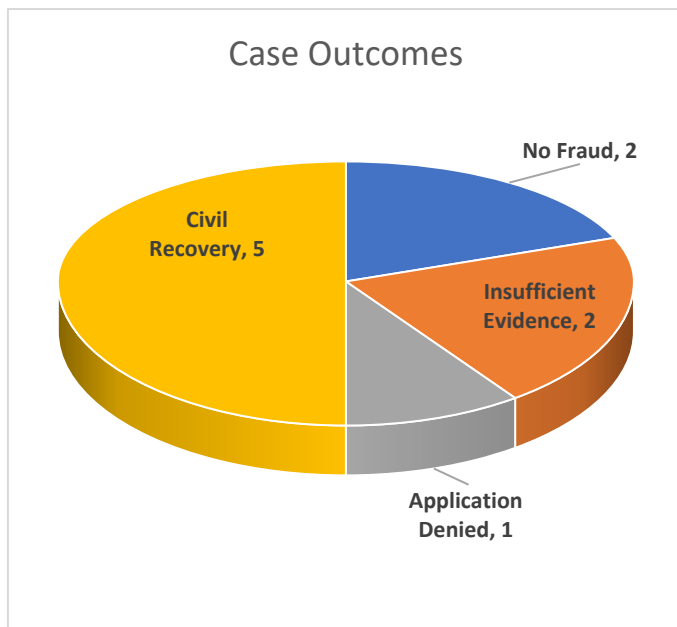
34 on-going investigations

New Referrals received in Quarter 1



The majority of referrals in this quarter relate to **Council Tax Reduction Scheme (CTRS)** and **Single Person Discount Fraud (SPD)** with this being **46.1%** of all new referrals. due concerns over false applications

Closed cases in Quarter 1



1 Application denied



- 1 Covid-19 Business Grant denied (**£10,000** Fraud prevented)

5 Civil Recovery

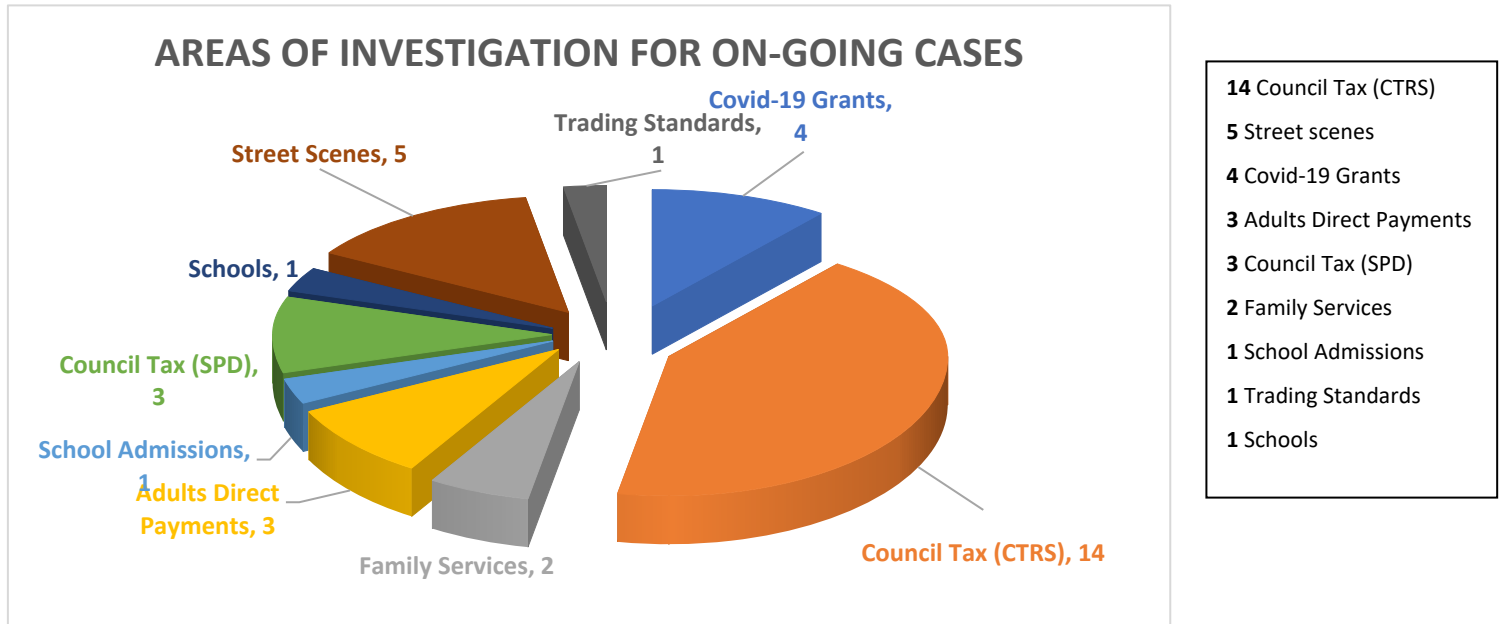


- 1 Single Person discounts (SPD) removed from Council Tax accounts resulting in **£1,263.28** to be recovered
- 4 relate to Council Tax Support (CTRS) (**£11,070.98** to be recovered)

2 Insufficient Evidence

2 No Fraud

On-going investigations



Noteworthy Corporate Cases

Case 1 – Mr T was receiving Council Tax Support due to being unemployed. The National Fraud Initiative (NFI) highlighted that Mr T had been working since 2017. Proof of income was requested which found that he had started work in October 2017 and had failed to promptly notify the Council of this change. This resulted in an overpayment of council tax support of **£4,625**. He was invited to attend an interview under caution but due to mental health concerns, the case was concluded as civil recovery only. The council Tax department are recovering the overpaid Council tax support from the resident.

Case 2 – Mr A was receiving Council Tax Support due to being in receipt of Universal Credit. The National Fraud Initiative (NFI) highlighted that Mr A's Universal Credit had ended in 2019. An investigation commenced for a failure to promptly notify the Council of this change. This resulted in an overpayment of council tax support of **£4,538**. The case was concluded as civil recovery only due to notification having been received by the DWP in 2019 and mitigation. The council Tax department are recovering the overpaid Council tax support from the resident.

Case 3 – Mrs H was receiving a Single Person Discount (SPD) on her Council Tax. An investigation commenced after the tenancy fraud team had identified that her adult children were residing with her at the property when looking at a Right to Buy application. The SPD was removed resulting in **£1,263** being identified for Council tax recovery. No criminal action was taken due to the tenant having notified another department that they were residing there in 2021 which could be deemed as a declaration of a change to the Council and no fraudulent intent to claim a discount.

Case 4 – Several claims for discretionary business support grants were made by one accountant on behalf of several companies. Mr C had claimed that the companies were renting office space from him. Visits to the premises raised suspicion when there was no-one from the companies present and this was actually the office he was operating from as an accountant. Further investigations showed that these companies did exist, and he was their accountant and had access to their records. Some companies had confirmed legitimacy of the applications; however, some were family members where it was suspected they were colluding with him. Due to the level of evidence required to prove that Mr C had acted dishonestly, the case against Mr C could not pursue to criminal prosecution, however the investigation resulted in the applications being denied and £10,000 being prevented from leaving the Authority.

CONCESSIONARY TRAVEL FRAUD

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

There have been **129** cases dealt with in **Quarter one** of 2022-23 relating to Concessionary Travel Fraud

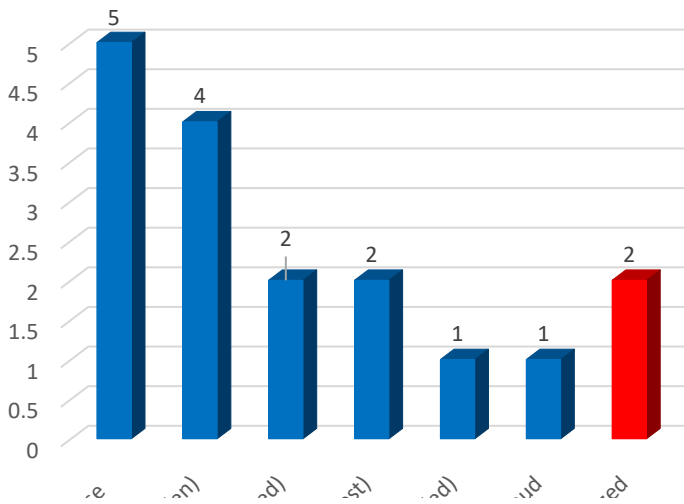
114 cases carried forward from 2021-22

15 New referrals received in quarter 1

62 cases were closed in quarter 1

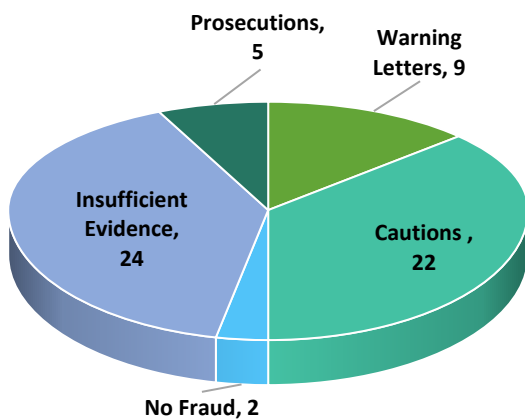
67 on-going investigations

New Referrals received in Quarter 1






The highest number of referrals related to blue badge misuse / fraud in the area of Golders Green with this accounting for **33.3%** of all new referrals received this quarter

Closed cases in Quarter 1

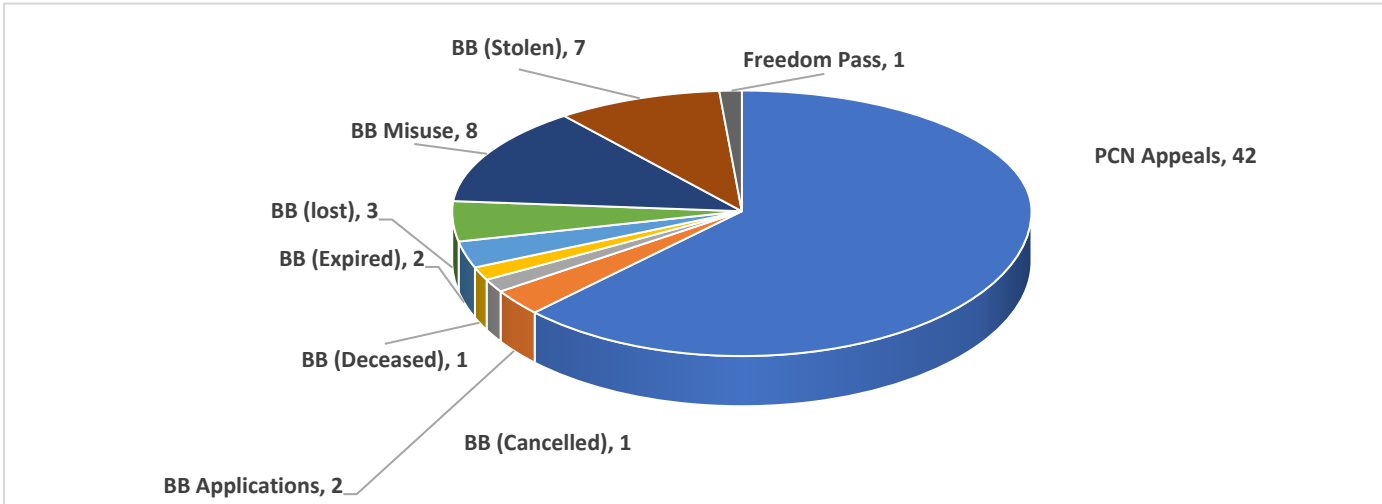


Outcomes

- 5** Prosecutions  (total costs recovered £3,050)
(Total fines issued at court £2,059)
- 22** Cautions  (total costs recovered £1015.)
- 9** Warning Letters 
- 24** Insufficient Evidence
- 2** No Fraud

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

On-going Investigations



22 Cautions were administered by the Concessionary Travel Team in Quarter one

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 Deceased persons blue badge. Further investigation revealed that the badge holder had passed away approximately 10 months prior. On 16th June the offender attended Willesden Magistrates Court and pleaded guilty to wrongful use of a disabled badge contrary to section 117 of the Road Traffic Regulation Act 1984, he was sentenced to a fine of £236, ordered to pay costs of £350 and a victim surcharge of £32.

Case 2- relates to the misuse of a stolen disabled badge. The offender attended an interview under caution and admitted to the misuse of the badge, he subsequently attended Willesden Magistrates Court on 16th June and pleaded guilty to wrongful use of a disabled badge contrary to section 117 of the Road Traffic Regulation Act 1984 and was sentenced to a fine of £373 ordered to pay costs of £450 and a victim surcharge of £37.

Case 3 - relates to the use of a stolen disabled badge. The offender admitted to the misuse at interview after initially denying any wrongdoing at the roadside, she went on however to attend court where she pleaded "not Guilty" to the offence and the matter went to trial, at trial she gave yet another version of events, she was however ultimately found guilty and was sentenced to a fine of £670, ordered to pay costs of £1500 and a victim surcharge of £67.

Case 4 - relates to the use of a counterfeit disabled badge. The offender admitted to purchasing the badge in order to park close to where he was attending university but stated he did not know at the time that it was a counterfeit. On 19th May 2022 at Willesden Magistrates Court the defendant pleaded guilty to the wrongful use of a disabled badge contrary to section 117 of the Road Traffic Regulation Act 1984 and was sentenced to a fine of £120, ordered to pay costs of £250 and a victim surcharge of £34.

Case 5 - relates to the use of a disabled badge on several occasions that had been reported as lost by the legitimate holder. The offender tried to blame another individual who he claimed was with him when the badge was used however, he was not able to give adequate information relating to the individual to convince investigators of his version of events. The offender failed to attend Willesden Magistrates Court on 19th May and was therefore found guilty in his absence of the wrongful use of a disabled badge contrary to section 117 of the Road Traffic Regulation Act 1984 and was sentenced to a fine of £660, ordered to pay costs of £500 and a victim surcharge of £66.

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 **225** cases dealt with in **Quarter one** of 2022-23 relating to Tenancy Fraud

103 cases carried forward from 2021-22

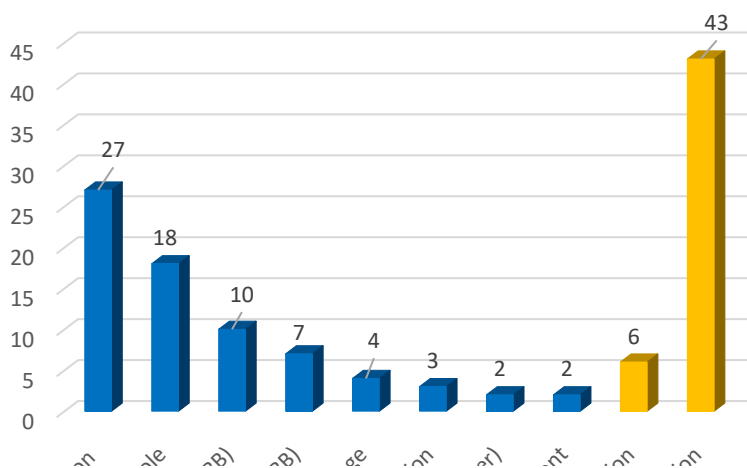
79 New Fraud referrals received in quarter 1

43 Right to buy applications for verification

131 Cases were closed in quarter 1

94 on-going investigations

New Fraud Referrals / Verification Requests received in Quarter 1



The total number of all new referrals in quarter one was consistent with that of quarter one of last year

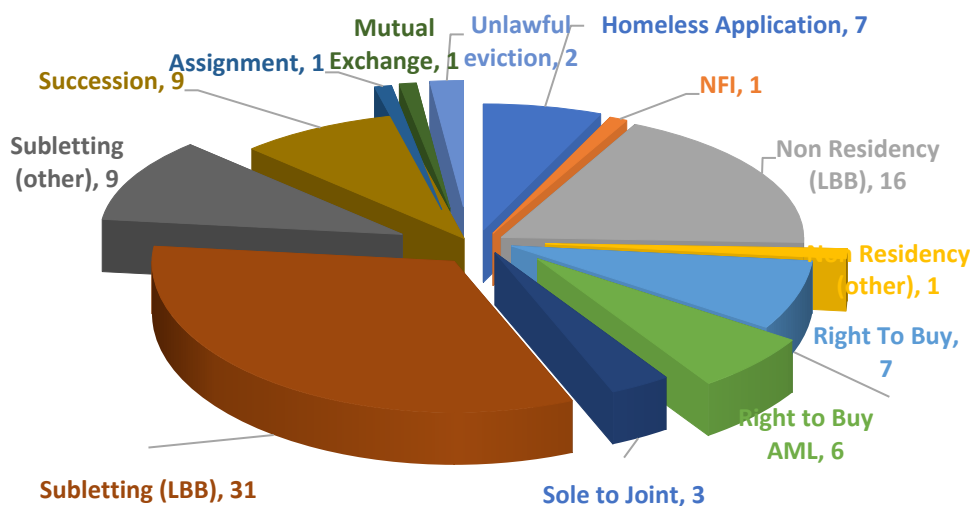
Closed cases in Quarter 1



- 1 Prosecution (including 1 property recovered)
- 2 Properties recovered in Civil courts
- 5 Properties Recovered (Keys Returned)
- 46 Applications verified
- 3 Homeless Applications denied
- 10 No Fraud
- 5 RTB AML checks not satisfied
- 46 Right to Buy Applications Verified
- 6 RTB Applications cancelled
- 1 Assignment Application denied
- 3 Sole to joint/Joint to sole applications denied
- 3 Insufficient Evidence

On-going Investigations

AREAS OF INVESTIGATION FOR ON-GOING CASES



- 31 Subletting (LBB)
- 16 Non-residency (LBB)
- 9 Subletting (other)
- 9 Successions
- 7 Homeless Applications
- 7 Right to Buy
- 6 RTB AML
- 2 Unlawful eviction
- 3 Sole to joint tenancy application
- 1 non-residency (other)
- 1 NFI
- 1 Assignment
- 1 Mutual Exchange

As a result of CAFT investigations six 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 **£697,200**.

8 properties (3x 1 bed, 2x 2 bed and 3x 3 bed) were recovered during Quarter one. This equates to a saving in temporary accommodation costs of **£245,697**.

2 on-going investigations have had Properties recovered in Quarter 1 and are awaiting further action in the courts.

13 Cases are with legal, 12 of which are awaiting civil action and 1 prosecution case.

One criminal prosecution was concluded in quarter one *see noteworthy

Noteworthy Tenancy Fraud Cases

Case 1 – Ms E had a two-bedroom house in Friern Barnet, a CAFT investigation was started due to an anonymous referral. The allegation stated the tenant was no longer resident and sub-letting their social housing property to another person. The resulting CAFT investigation found the tenant and bought a property on 28 January 2021 and was living there whilst allowing her son to reside in the social housing property. The tenant denied any wrongdoing at interview and stated she thought her son was a joint tenant, however she returned the keys and the property was recovered.

Case 2 – Ms G had a three-bedroom house in Mill Hill, an investigation was started due to a succession application on a different property, one of the applicants was linked to this social housing property in Mill Hill. The resulting CAFT investigation found the tenant had been living abroad whilst allowing her sister to reside at the social housing property. The tenant has returned the keys and the property has been recovered, as the tenant is living abroad there was no prospect of a prosecution.

Case 3 – 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 4 - Mr O had a one-bedroom flat in Cricklewood, a referral was received from the caretaker of the social housing address. It was alleged the tenant was no longer living in the social housing property and sub-letting to another person. The resulting CAFT investigating found evidence linking the tenant to a property in Hounslow, an un-announced visit was made to the social housing property where a person who was not the tenant was found, however he denied he was living there and was just visiting. The tenant was interviewed under caution and admitted to living with his partner for the last two years, the tenant returned the keys, due to the evidence obtained the matter was passed to legal for criminal proceedings, however at court the tenant pleaded not guilty to sub-letting and was found not guilty.

Case 5 - Ms D had a one-bedroom flat in Colindale, a referral to the Corporate Anti-Fraud Team was received from Barnet Council's Income Collections Team. It stated that a visit had been made to the social housing property and that it appeared abandoned, further information stated the tenant had been contacted by phone and advised that her sister in Bolton was unwell and she was looking after her. The following CAFT investigation found that the property had not been lived in for some time, the tenant was invited to attend an interview under caution however refused. The case was therefore passed to legal for civil proceeding and the property was recovered.

Case 6 – 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 7 – Mr K had a one-bedroom flat in Finchley, a referral was received from Barnet Council's Gas Safety Team, they were unable to gain access to the social housing property. Evidence obtained during the CAFT investigation confirmed the tenant had been abroad since 17 May 2020 and has not returned, there was no intention to return by the tenant. The matter was passed to legal for civil proceedings and the property was recovered.

Case 8 – 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.

FINANCIAL INVESTIGATIONS (FI)

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

There have been **14** cases dealt with in **Quarter one** of 2022-23 relating to financial investigation

12 cases carried forward from 2021-22

2 New FI Cases opened in quarter 1

3 FI cases closed in quarter 1

11 on-going FI investigations

New Referrals received in Quarter 1



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

1 New referral relates a corporate investigation Covid Business Grant Fraud

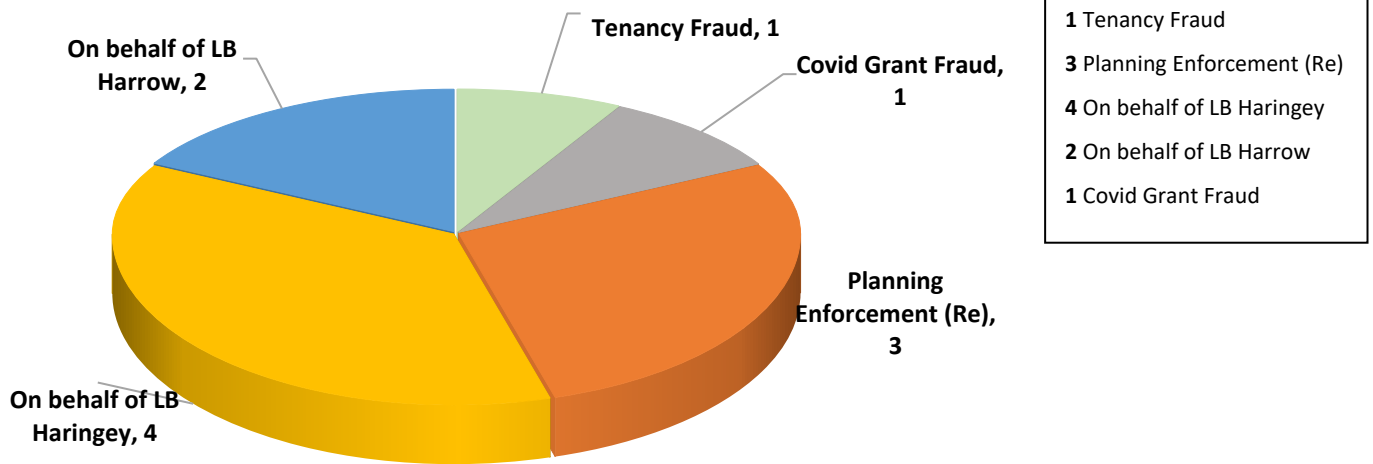
Closed cases in quarter one

2 Proceeds recovered

1 Insufficient Evidence

On-going investigations

AREAS OF INVESTIGATION FOR ON-GOING POCA CASES



Noteworthy POCA Cases

Op Kukri relates to partnership working with London Borough of Haringey. It relates to a breach of a planning enforcement notice where two properties were unlawfully converted into flats and rented out. The breach of the enforcement notice makes the offence criminal in nature and as a result any income derived from the offence is subject to Proceeds of Crime legislation.

On 15 September 2021, the Crown Court made a confiscation order in the sum of **£100,000**, in addition to this the defendant was issued a £12,000 fine and ordered to pay £4,500 in costs. The case was closed once the confiscation order was paid.

- **Op Kukri:** confiscation order amount £100,000 (37.5% split = £37,500 – 7.5% top slice (Administration) = **£34,687.50**. London Borough of Barnet receive 10% of the confiscation order **£10,000** plus their costs totalling **£400**.

London Borough of Barnet

November 2022 – May 2023

AGENDA ITEM 13

BARNET
LONDON BOROUGH

Subject	Decision requested	Report of Chief/Lead Officer	Contributing Officer(s)
02 November 2022			
Internal Audit Exception Recommendations and Progress Report Q2 1 st July – 30 th September 2022	To note the progress against internal audit recommendations and work Completed to date on the Internal Audit Annual Plan 2022 -23 and high priority recommendations.	Head of Internal Audit	
Corporate Anti-Fraud Team (CAFT) Progress Report Q2 1 st July – 30 th September 2022	To note the work undertaken by Corporate Anti-Fraud Team (CAFT) during the period 1 st July – 30 th September 2022	Executive Director of Assurance	Assistant Director Counter Fraud, Community Safety & Protection
Annual Audit Letter 2020/21	To acknowledge receipt of the Annual Audit letter for 2020/21 and consider if there are any other areas on which Committee require additional information.	Executive Director of Finance (Section 151 Officer)	External Auditors
Grants Certification Work Report 2020/21	To consider the report from the External Auditors on the Council's management arrangements in respect of the certification process for grants.	Executive Director of Resources (Section 151 Officer)	External Auditors
16 January 2023			

Subject	Decision requested	Report of Chief/Lead Office	Contributing Officer(s)
Internal Audit Exception Recommendations and Progress Report Q3 1st October 2022 – 31st December 2022	To note the progress against internal audit recommendations and work Completed to date on the Internal Audit Annual Plan 2022 -23 and high priority recommendations.	Head of Internal Audit	
Corporate Anti-Fraud Team (CAFT) Q3 Progress Report: 1st October 2022 – 31st December 2022	To note the work undertaken by Corporate Anti-Fraud Team (CAFT) during the period 1st October 2022 – 31st December 2022	Executive Director of Assurance	Assistant Director Counter Fraud, Community Safety & Protection
Annual Audit Letter 2021/22	To acknowledge receipt of the Annual Audit letter for 2021/22 and consider if there are any other areas on which Committee require additional information.	Director of Finance (Section 151 Officer)	External Auditors
Grants Certification Work Report 2021/22	To consider the report from the External Auditors on the Council's management arrangements in respect of the certification process for grants.	Executive Director of Resources (Section 151 Officer)	External Auditors
External Audit Plan 2022/23	To consider the External Auditor's Audit strategy for the audit for the year ended 31 March 2023	Director of Finance (Section 151 Officer)	External Auditors

26 April 2023

Subject	Decision requested	Report of Chief/Lead Office	Contributing Officer(s)
Internal Audit Exception Recommendations and Progress Report Q4 1st January 2023 – 31st March 2023	To note the progress against internal audit recommendations and work Completed to date on the Internal Audit Annual Plan 2022 -23 and high priority recommendations.	Head of Internal Audit	
Corporate Anti-Fraud Team (CAFT) Q4 Progress Report: 1st January 2023 – 31st March 2023	To note the work undertaken by Corporate Anti-Fraud Team (CAFT) during the period 1st January 2023 – 31st March 2023	Executive Director of Assurance	Assistant Director Counter Fraud, Community Safety & Protection
Internal Audit & Anti-Fraud Strategy and Annual Plan 2023-24	To approve the 2023/24 Internal Audit and Corporate Anti-Fraud Team plan	Executive Director of Assurance	Head of Internal Audit Assistant Director Counter Fraud, Community Safety & Protection