

MEETING

AUDIT COMMITTEE

DATE AND TIME

THURSDAY 5TH NOVEMBER, 2015

AT 7.00 PM

VENUE

HENDON TOWN HALL, THE BURROUGHS, LONDON NW4 4BQ

TO: MEMBERS OF AUDIT COMMITTEE (Quorum 3)

Chairman: Councillor Brian Salinger
Vice Chairman: Councillor Sury Khatri

Sury Khatri
Geof Cooke
Kathy Levine
Arjun Mittra

Gabriel Rozenberg
Peter Zinkin

Richard Harbord
(Independent Member)
Geraldine Chadwick
(Independent Member)

Substitute Members

Melvin Cohen
Eva Greenspan

Anne Hutton
John Marshall

Reema Patel
Alan Schneiderman

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

Andrew Charlwood – Head of Governance

Governance Service contact: Kirstin Lambert 020 8359 2177 kirstin.lambert@barnet.gov.uk

Media Relations contact: Sue Cocker 020 8359 7039

ASSURANCE GROUP

ORDER OF BUSINESS

Item No	Title of Report	Pages
1.	Minutes of last meeting	1 - 4
2.	Absence of Members (If any)	
3.	Declaration of Members' Disclosable Pecuniary interests and Non Pecuniary interests (If any)	
4.	Report of the Monitoring Officer (If any)	
5.	Public Question and Comments (If any)	
6.	Members' Items (If any)	
7.	Internal Audit Exception Recommendations Report and Progress Report up to 30th September 2015	5 - 30
8.	Corporate Anti-Fraud Team (CAFT) Progress Report July - September 2015	31 - 42
9.	ICT operations - ITIL methodology assessment	43 - 46
10.	External Audit progress - Verbal update	
11.	Audit Committee work programme	47 - 54
12.	Any item(s) the Chairman decides are urgent	

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Decisions of the Audit Committee

30 July 2015

AGENDA ITEM 1

Members Present:-

Councillor Brian Salinger (Chairman)
Councillor Sury Khatri (Vice-Chairman)

Councillor Geof Cooke	Councillor Peter Zinkin
Councillor Kathy Levine	Richard Harbord (Independent Member
Councillor Arjun Mitra	Geraldine Chadwick (Independent
Councillor Gabriel Rozenberg	Member)

1. MINUTES OF LAST MEETING

The Chairman welcomed Geraldine Chadwick, the new independent member of the Committee.

RESOLVED - That the minutes of the meeting held on 30 April 2015 be approved as a correct record.

2. ABSENCE OF MEMBERS (IF ANY)

None.

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

Councillor Sury Khatri declared a non-pecuniary interest in agenda item 10, Internal Audit Exception Recommendations Report and Progress Report up to 30th June 2015, as he is a governor of Dollis Hill Junior and Infant school.

4. REPORT OF THE MONITORING OFFICER (IF ANY)

None.

5. PUBLIC QUESTION AND COMMENTS (IF ANY)

Public comments were received from Mrs Lewy. Committee members asked questions and answers were given at the meeting. The Chairman noted that officers would liaise with Harringey Council regarding Mrs Lewy's concerns, and that he would provide her with an update in due course.

6. MEMBERS' ITEMS (IF ANY)

None.

7. ANNUAL REPORT OF THE AUDIT COMMITTEE 2014/15

The Assurance Assistant Director introduced the report.

RESOLVED –

- 1. That the Committee approve the Annual Report of the Audit Committee for 2014-15 as an accurate record of the outcomes and work programme for the year.**
- 2. The Annual Report is reported to the next Full Council meeting.**

8. CORPORATE ANTI-FRAUD TEAM (CAFT) PROGRESS REPORT APRIL - JUNE 2015

The Assurance Assistant Director introduced the report.

Officers agreed to provide the committee with any relevant updates on the transfer of CAFT staff to DWP in future progress reports.

RESOLVED - That the Committee note the CAFT Progress Report covering the period 1st April – 30 June 2015.

9. ANNUAL INTERNAL AUDIT OPINION 2014-15

The Head of Internal Audit introduced the report.

RESOLVED - That the Committee note the contents of the Annual Internal Audit Opinion 2014-15.

10. INTERNAL AUDIT EXCEPTION RECOMMENDATIONS REPORT AND PROGRESS REPORT UP TO 30TH JUNE 2015

The Head of Internal Audit introduced the report.

The Committee discussed the report and asked questions on the audits that received limited assurance.

It was noted that only non-schools Limited Assurance audit reports are currently available on the Barnet website. Officers agreed to consider looking into making all Limited Assurance audit reports, including schools, available on the website.

The Head of Internal Audit agreed to confirm which two delivery units did not provide grant income self-assessment questionnaire responses.

RESOLVED - That the Committee note the work completed to date on the Internal Audit Annual Plan 2015-16 and progress against high priority recommendations.

11. ANNUAL GOVERNANCE STATEMENT

The Assurance Assistant Director introduced the report.

RESOLVED - That the Committee approve the Annual Governance Statement for inclusion within the Statement of Accounts for 2014/15.

12. EXTERNAL AUDITOR'S REPORT UNDER INTERNATIONAL STANDARD ON AUDITING (ISA) 260 FOR THE YEAR 2014/15

The Chief Operating Officer and the Assistant Director of Finance, CSG introduced the report. Representatives from Grant Thornton LLP (External Auditor) also spoke to the report.

It was noted that this was the first year the Barnet Group Accounts are being incorporated into LBB's accounts, and that the Barnet Group accounts were not yet completed.

RESOLVED –

- 1. That the Committee approve the audited Statement of Accounts 2014/15.**
- 2. That authority is delegated to the Chief Operating Officer in conjunction with the Audit Committee Chairman to:**
 - a. Amend the group accounts to incorporate any audit adjustments arising from the Barnet Group annual accounts audit; and**
 - b. Sign the Council's financial statements for 2014/15.**
- 3. That the matters raised by the external auditor relating to detailed aspects of the 2014/15 accounts audit be noted.**
- 4. That the officer response to matters raised by the external audit be noted.**

13. DIRECT DEBIT COLLECTIONS - APRIL 2015

The Assistant Director of Finance, CSG introduced the report. The Committee discussed the report and asked questions which received responses from the Assistant Director of Finance, CSG and the Chief Operating Officer.

The Chief Operating Officer agreed to look into whether CSG follows ITIL (Information Technology Infrastructure Library) methodology, and provide a report to the next meeting.

RESOLVED –

- 1. That the Committee note the content of the report.**

2. That officers provide a report on CSG compliance requirements in respect of ITIL (Information Technology Infrastructure Library) methodology.

14. COMMITTEE FORWARD WORK PROGRAMME 2015-16

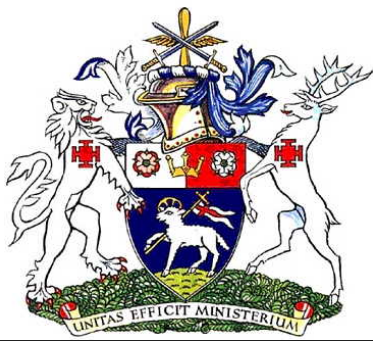
The Committee noted the Forward Work Programme 2015-16.

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

There were none.

The meeting finished at 8.51 pm

AGENDA ITEM 7



Audit Committee
5th November 2015

Title	Internal Audit Exception Recommendations Report and Progress Report up to 30th September 2015
Report of	Caroline Glitre – Head of Internal Audit
Wards	N/A
Status	Public
Enclosures	Internal Audit progress report (up to 30 th September 2015)
Officer Contact Details	Caroline Glitre, Head of Internal Audit caroline.glitre@barnet.gov.uk 020 8359 3721

Summary

Members are asked to note the progress against internal audit recommendations and work completed to date on the Internal Audit, Corporate Anti-Fraud Team (CAFT) and Risk Management Plan 2015-16 (the Internal Audit Plan 2015-16) and high priority internal audit recommendations.

The Internal Audit Service has continued delivery of work in accordance with its plan reported to the Audit Committee in April 2015. Over the current period since the Committee last met in April 2015 the service has issued 23 reports with the following assurance ratings:

Substantial	1
Satisfactory	15
Limited	1
No	0

N/A	6
Total	23

Detail has been presented within the report on audits that were given 'Limited' assurance:

1	Contract Management - Homecare
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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>

Implementation of Recommendations

3 of the 9 (33%) high priority recommendations that were due to have been implemented by the end of the quarter have been fully implemented. This is below the target of 90%. A summary of the detail of those recommendations which were due in Quarter 2 has been included for the Audit Committee to review (Section 7).

A summary of the status across all the priority 1 recommendations due for implementation within the quarter is as follows:

Status	Number	%
Implemented	3	33%
Partly Implemented	6	67%
Not Implemented	0	0%
Total	9	100

Recommendations

That the Committee note the work completed to date on the Internal Audit Annual Plan 2015-16 & progress against high priority recommendations.

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 2015-16 Internal Audit Plan and the high 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 2015-16 in April and this report notes the progress against that plan and progress against high priority recommendations.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 Not relevant.

4. POST DECISION IMPLEMENTATION

4.1 The Internal Audit Plan 2015-16 will continue to be delivered as reported to the Audit Committee with recommendations implemented in line with the report.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

5.1.1 All internal audit and risk management planned activity is aligned with the Council's objectives set out in the Corporate Plan 2015-2020, and thus supports the delivery of those objectives by giving an auditor judgement on the effectiveness of the management of the risks associated with delivery of the service.

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

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

5.2.2 The Internal Audit Plan 2015-16 agreed by the Audit Committee is being achieved from Internal Audit's current budget.

5.3 Legal and Constitutional References

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

5.3.2 The Council's Constitution, Responsibilities for Functions - the Audit Committee terms of reference paragraph 2 states that the Committee can consider summaries of specific internal audit reports as requested.

5.4 Risk Management

5.4.1 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.

5.4.2 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.

5.5 Equalities and Diversity

5.5.1 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.

5.6 **Consultation and Engagement**

5.6.1 N/A

6. **BACKGROUND PAPERS**

6.1 Audit Committee 11 March 2010 (Decision Item 10) - 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%201.pdf>

6.2 Audit Committee 21 September 2010 (Decision Item 8) – 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%201.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%201.pdf>

Internal Audit
Progress Report 2015-16 – Quarter 2

Caroline Glitre, Head of Internal Audit

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1. Introduction

The Internal Audit Plan was accepted by the Audit Committee on the 30th April 2015. This report follows the principles previously requested by the Committee, in that all audit reports with limited or no assurance will be summarised into key messages with some detail.

2. Schools Audit Approach

As reported to the last Audit Committee, in conjunction with the Education & Skills team we have developed the audit approach to schools in order to give independent assurance over key non-financial risks. We are currently undertaking a pilot of those additional audit areas at schools being visited in the Autumn Term. The additional areas are:

- Pupil Premium
- Safeguarding
- Governance
- Anti-Fraud

As part of the communication with schools around the pilot, we have informed them of the new approach to follow-up audits of schools in that we will visit schools to confirm that any Priority 1 recommendations have been implemented, rather than relying on a confirmation being received from the Chair of Governors.

Follow-up audit visits have been booked for St. Andrews and Fairway schools in November to confirm the new controls introduced in September are operating effectively in practice.

As agreed at the last Audit Committee, schools have also been made aware that any Limited or No Assurance audit reports will now be published on the Council's website in line with other audits.

3. Final Reports Issued

This report covers the period from 1st July 2015 to 30th September 2015 and represents an up to date picture of the work in progress to that date. The Internal Audit service has over this period issued 23 reports in accordance with the 2015-16 Internal Audit Plan. In summary, the assurance ratings provided were as follows:

Substantial	1
Satisfactory	15

Limited	1
No	0
N/A	6
Total	23

















Table 1: 2015-16 work completed during quarter 2 including assurance levels		
Systems Audits		Assurance
1	Schools Improvement	Substantial
2	Accounts Receivable	Satisfactory
3	General Ledger	Satisfactory
4	Schools Payroll	Satisfactory
5	Housing Benefit	Satisfactory
6	Council Tax	Satisfactory
7	NNDR	Satisfactory
8	Regeneration – Brent Cross	Satisfactory
9	Risk Management Framework	Satisfactory
10	Transformation Q1	Satisfactory
11	Contract Management Toolkit Compliance – Follow-Up and Premier Partnerships	Satisfactory
12	Contract Management – Homecare	Limited
Advisory Reviews		Assurance
13	Carbon Reduction Commitment	N/A
Grants		Assurance
14	Transforming Care Grant	N/A
15	Disabled Facilities Grant	N/A
16	Bus Subsidy Grant	N/A
17	Pothole Fund Grant	N/A
18	Troubled Families Payment By Results Q2	N/A
School Audits		Assurance
19	Martin Primary	Satisfactory
20	Pavilion Pupil Referral Unit (PRU)	Satisfactory
21	Manorside	Satisfactory
22	Annunciation Infant	Satisfactory
23	St Marys EN4	Satisfactory

The summary detail of those reports issued as Limited assurance is included within section 5.

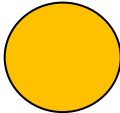
4. Key Financial Systems – Continuous Audit Methodology (CAM)

In 2014/15 we introduced a new approach to auditing the Council’s key financial systems – the Continuous Audit Methodology. This means that we test the operating effectiveness of the same key controls and can therefore report a clear Direction of Travel against those systems.

A summary of the outcome of the 2015/16 Q2 reviews completed to date is below. This clearly shows improvement across the key financial systems audited this quarter.

Department	Overall Opinion 2015/16		Overall Opinion 2014/15		Direction of Travel	Number of controls tested	Controls where operating exceptions were found		Control design exceptions found		Comments
							2015/16	2014/15	2015/16	2014/15	
Accounts Receivables	Satisfactory		Limited			7	1	3	1*	2	*Control design issue not fully resolved since prior period
General Ledger	Satisfactory		Limited			4	1	3	0	1	
Schools Payroll	Satisfactory		N/A		N/A	7	1	N/A	0	N/A	In 2014/15 looked at Non-Schools Payroll therefore no comparative data
Council Tax	Satisfactory		Satisfactory			7	1	0	0	1	
Housing Benefit	Satisfactory		Limited			8	1	4	1*	1	*Control design issue not fully resolved since prior period
NNDR	Satisfactory		Limited			7	1	0	1*	2	*Control design issue unresolved since prior period

5. Key Findings from Internal Audit Work with Limited assurance

Title	Contract Management Toolkit compliance - Homecare			
Audit Opinion	No	Limited	Satisfactory	Substantial
				
Date of report:	August 2015			
Background & Context	<p>In November 2014 the Council introduced a corporate approach to managing contracts, which included the production of a contract management toolkit and templates, supported by contract management training sessions for key staff members.</p> <p>We reviewed a sample of contracts including two of the contracts for Home Care (Enablement and MiHomecare), managed by Adults & Communities. For the 2014 calendar year the Enablement contract spend was approximately £1.5m and MiHomecare was £2m.</p>			
Summary of Findings	<ul style="list-style-type: none"> • Risk and Issue Management - we identified areas where the Home Care contracts risk and issue management controls should be improved. We found that the contracts did not contain a risk and issue management process, which set out how the Council and the suppliers intended to manage and escalate risks or issues. In addition, risks and issues in relation to the contracts were not formally documented in risk or issue registers or the Council's risk management system (Priority 1). • Stakeholder Management - we found that a stakeholder communications plan had not been developed as required by the Council's Contract Management Manual, to ensure that stakeholders are identified, analysed and effectively engaged with on a regular basis (Priority 2). 			

Priority 1 recommendations, management responses and agreed action dates

1. Risk and Issue Management

Recommendation	Management Response	Responsible Officer	Deadline
a) A risk and issue management process should be introduced for both the Enablement and MiHomecare contracts to ensure that risks and issues are consistently and effectively recorded, monitored, escalated and resolved in a timely manner.	Though on-going review of contract risk was undertaken by the contract manager and escalated as appropriate to senior management, it is acknowledged that this was not formalised appropriately and did not meet corporate standards. Both the structure of the Care Quality Service, staff absence and resourcing issues continued to negatively impact on the ability of the service to adequately manage contract risk within the agreed framework.	Head of Care Quality, Adults & Communities	31 st August 2015
b) Management should utilise the risk register template within the Contract Toolkit and ensure that Enablement and MiHomecare risks are recorded, assessed and mitigated. This information should then be regularly monitored and updated.	Following the restructure of the service, a comprehensive programme of recruitment and the appointment in May of the new Head of Service, the category teams are now undertaking a roll out of the Corporate contract management framework and monitoring toolkit on a phased basis.		30 th Sept 2015
c) Management should utilise the issue register template within the Contract Toolkit and ensure that Enablement and MiHomecare issues are recorded, monitored and managed. This information should then be regularly monitored and updated.	The service works with more than 400 contracts and will be focusing initially on the key strategic and critical contracts. Toolkits are currently being completed for both MiHomecare and Housing and Care 21.		Completed
d) Management should consider whether these recommendations are applicable to the other Home Care contracts.	Further training has been commissioned for		

	<p>September to embed the approach and test the understanding of staff who are all currently completely toolkits for key services.</p> <p>Risk is now a standing item at all contract meetings and will be recorded appropriately within the contract toolkit with risk and issue management clearly documented.</p> <p>Service Mangers will be working through completed toolkits in staff supervision and escalating to the Head of Service for sign off.</p>		31 st Oct 2015
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6. Advisory reviews for management purposes

There was one advisory review undertaken by internal audit that does not give an assurance rating but none the less aids management in assessing the design and effectiveness of their control environment. If a significant issue has been identified or a Priority 1 recommendation made as part of these reviews further detail is provided within this progress report below. Priority 1 recommendations are followed up in line with the Audit Committee’s standard follow-up process.

Any potential independence threats have been managed when undertaking these reviews in that the staff involved in the reviews have not audited / will not audit the area concerned for at least 12 months before or after the advisory work.

Advisory Reviews		
1	Carbon Reduction Commitment	No significant issues noted

7. Work in progress

The following work is in progress at the time of writing this report:

Table 2: Work in progress		
Systems Audits		Status
1	Accounts Payable	Draft Report
2	Financial Assessments (joint with CAFT)	Draft Report
3	Shared Legal Service – Clienting and Governance	Draft Report
4	Information Security - Cyber Risk (joint with CAFT)	Draft Report
5	Procurement – Compliance with Contract Procedure Rules (CPRs)	Draft Report
6	Projects & Programmes: Capital Projects - Development Pipeline	Draft Report
7	CSG Invoicing / Gain Share Agreements	Fieldwork
8	S75 Agreements (including Better Care Fund)	Fieldwork
9	Foster Carer and Adoption Payments	Fieldwork
10	Data Quality spot checks - Q2 - Average customer wait time (face to face at Burnt Oak and Barnet House)	Fieldwork
11	Street Scene Operations Review (joint with CAFT)	Fieldwork
12	Disaster Recovery Plan	Planning
13	Highways Expenditure	Planning
14	Client Affairs	Planning
15	Schemes of Delegation	Planning
16	IT Strategy	Planning
17	Parking Permit Administration (joint with CAFT)	Planning
Schools Audits		
17	Northgate Pupil Referral Unit (PRU)	Fieldwork

8. Implementation of Internal Audit recommendations

Quarter 2, 2015-16: Priority 1 Recommendations due

Code to ratings:

Shading	Rating	Explanation
	Implemented	The recommendation that had previously been raised as a priority one has been reviewed and was considered implemented.
	Partly Implemented	Aspects of the priority one recommendation had been implemented however not considered implemented in full.
	Not Implemented	There had been no progress made in implementing this priority one recommendation.

Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment for Audit Committee (October 2015)
<p>1. SWIFT & Wisdom</p> <p>Access to case information on Wisdom should be restricted according to business need.</p>	<p>Head of Information Management July 2014</p> <p>Revised to July 2015</p>	<p>As part of the Information Management Strategy, we are implementing a project to look at underlying problems with Wisdom and to evaluate its business purpose. We will look at the access controls in Wisdom at this point.</p>	<p>Partly Implemented</p> <p>As part of the Investing in IT project the Delivery Unit decided to move away from Wisdom as the primary document management system as the new Mosaic system will have a document storage function. However, Wisdom will continue to be used to store historic file information which will be accessed via URL from Mosaic. The browser will be locked to a particular client, from this point the user can be restricted from navigating to other cases.</p> <p>As at October 2015 the exact design of the new</p>

Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment for Audit Committee (October 2015)
			<p>system had not yet been signed off to confirm that this is no longer a risk, therefore considered Partly Implemented.</p> <p>To revisit progress in Q3</p>
<p>2. Accounts Receivable</p> <p>Invoice Request Forms</p> <p>Invoice requests should be implemented and authorised before being issued. Due to the large amount of invoices issued, a scheme of delegation of authority could be set up so that invoices could be authorised on a hierarchal basis depending on value.</p>	<p>Assistant Director of Finance, Customer and Support Group (CSG) March 2015</p> <p>Revised to 31 July 2015</p>	<p>The functionality of Integra is being re-configured to include a threshold above which sales invoices will automatically require approval.</p>	<p>Partly Implemented</p> <p>We confirmed that CSG's proposal to implement the change to the functionality to Integra was approved by the Council in March 2015.</p> <p>In March 2015, we also confirmed that feasibility work was undertaken and it was deemed better value for money to undertake the activity alongside the planned upgrade to Integra which was planned in July 2015.</p> <p>In September 2015, we were informed that this has not yet been implemented as part of the system upgrade to the system that went live during August 2015. The development has been scheduled for November 2015 and will be agreed by the Integra User Group in November to roll out to the business within the live system.</p> <p>Revised Implementation date : November 2015</p>
<p>3. Grant Income</p>	<p>Commissioning</p>	<p>Across commissioning portfolios</p>	<p>Partly Implemented</p>

Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment for Audit Committee (October 2015)
<p>Grant Identification</p> <p>Roles/arrangements for pro-actively identifying grant opportunities should be implemented.</p>	<p>Directors for:</p> <ul style="list-style-type: none"> • Adults and Health; • Children & Young People; • Growth and Development; and • Environment <p>Commercial and Customer Services Director</p> <p>Supported by Finance (Commissioning Group)</p> <p>September 2015</p>	<p>(in commissioning group or Delivery units) grants databases will be maintained which evidence horizon scanning, at least once every quarter. Evidence may include communication with relevant central government departments or the use of grant finder. 'Invest to save' options will also be explored, for example the possibility of engaging an appropriate grants finding company.</p>	<p>An email was sent out to all Directors in September laying out all the new processes for grant income. This included a flow chart and a word document which documents Directors' decisions.</p> <p>Access to Grant Finder has been made available and a member of CSG finance team will now be horizon scanning and contacting delegated staff members in Delivery Units of the Council when any grants are made available. It has been made clear that this arrangement is not intended to duplicate or supersede existing good practices which Commissioning Directors are expected to continue.</p> <p>A document has been designed which is completed by the service which will record if the decision is being taken forward or not. This will be signed off by SMT and then sent to CSG for the Head of Finance to challenge.</p> <p>A process has been designed where the services will have to document if they are taking a grant application forward. This will then be reviewed by the Head of Finance as a critical friend.</p> <p>At the time of the follow-up CSG had not received any completed External Grant / Funding Opportunity</p>

Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment for Audit Committee (October 2015)
			<p>forms therefore we were unable to confirm whether the new control is yet operating in practice.</p> <p>Management Agreements had already been agreed for this financial year at the time of the audit. However, it will be raised with Commissioning Directors that 2016/17 agreements for next year should be updated to acknowledge the need to review grant options.</p> <p>Revised deadline 31/3/16</p>
<p>4. People Management – Pre-employment Checks</p> <p>Safer Recruitment Training & Guidance</p> <p>a) The revised Safer Recruitment guidance should be formalised and made available to all Line Managers within the Council following formal approval by the Workforce Board in August 2015.</p>	<p>Lead Human Resources Consultant</p> <p>Human Resources Operations Director, CSG</p> <p>Human Resources Operational Manager, CSG</p> <p>31 August 2015</p>	<p>Revised policy and guidelines were submitted to Workforce Board (WFB) 10th June for 30 day consultation. If no further consultation required the policy and guidelines will be approved and released. These will be placed on the intranet with briefing sessions arranged as required – it has been noted that this is a formal recommendation and therefore further discussion will take place with the client to determine requirements.</p> <p>Many of the managers have</p>	<p>Partly Implemented</p> <p>a) Safer Recruitment Guidance was approved by the Workforce Board on 18th August 2015. It is going to the Strategic Commissioning Board (SCB) for final approval by the Council’s statutory officers on 27th October 2015.</p> <p>b) & c) It was agreed at the DBS Strategy meeting held on 16th July 2015 that formal training would not be made available but that briefing notes would be written / approved and placed on the intranet with a communication sent out to all Managers.</p> <p>Further Action for full implementation</p>

Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment for Audit Committee (October 2015)
<p>b) Human Resources should develop training on the new guidance.</p> <p>c) All Line Managers within the Council should be mandated to attend a formal briefing on the new guidance to ensure they fully understand their role and responsibilities.</p>		<p>raised concerns (either through WFB or independently) in relation to the guidance and applying consistent methodology to determining which posts do or do not require checks. With this in mind Capita intend to propose to the client the introduction of a new DBS consistency forum with representation from each DU; the intention being that the forum will debate requirements for posts where there is any uncertainty with the aim to ensure consistent application of requirements against posts across the DU's.</p> <p>WFB also requested that an appendix of posts requiring/not requiring checks was developed, this has been considered since the last WFB but further discussion will be required with the client to establish how this would work in practice.</p> <p>A formal meeting will be set up for discussions between client</p>	<p>The Safer Recruitment Policy and Guidance needs to be compared against contract before they can be placed on the intranet and briefing notes finalised.</p> <p>Revised implementation date: 30/11/15</p>

Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment for Audit Committee (October 2015)
		strategy, client assurance, client safeguarding and Capita to determine the next steps.	
<p>5. People Management – Pre-employment Checks</p> <p>Monitoring of HCPC Registration of Social Workers</p> <p>a) Management should complete the risk assessment process for the case where HCPC registration could not be confirmed and ensure that it is appropriate for them to remain in post.</p> <p>b) The Council should consider whether to introduce a requirement for all social workers to provide evidence of HCPC registration.</p> <p>c) Management should agree a clear procedure for the</p>	<p>Lead Human Resources Consultant</p> <p>Human Resources Operations Director, CSG</p> <p>Human Resources Operational Manager, CSG</p> <p>31 July 2015</p>	<p>The case identified as being non-compliant will be raised with the DU Director and a risk assessment will be undertaken, with the appropriate decision being made by the DU Director as to whether that employee should have HCPC registration or be supervised (or other alternative action taken) whilst registration is being obtained.</p> <p>A review is currently underway for all employees whose role requires HCPC registration and those found to be non-compliant will be addressed as above.</p> <p>A process will be written and submitted to WFB for consultation and approval for the monitoring with guidance notes which will include a requirement for all social workers to provide evidence of HCPC registration.</p>	<p>Partly Implemented</p> <p>a) The service’s review of the case identified that the individual did hold HCPC registration however it was held under her maiden name. Since the audit validation visit the HR Operations Manager has additionally followed up with the individual’s manager and made her aware that when this person’s HCPC is due for renewal that they should update their details with HCPC.</p> <p>b) Confirmation seen that HCPC and DBS details are now held in CORE.</p> <p>c) & d) HCPC renewal reminders are sent directly to the registrant by HCPC 3, 2 and 1 month ahead of expiry. Reporting on CORE two weeks prior to the expiry date (if not renewed) will highlight that HR needs to contact the relevant Line Manager and request a risk assessment on the employee.</p> <p>e) The Engagement and Communications plan has not been rolled out yet it is in progress and will be made available on the intranet once the Safer</p>

Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment for Audit Committee (October 2015)
<p>monitoring of HCPC registration, clarifying the respective responsibilities of Adults & Communities, Family Services and Human Resources.</p> <p>d) The Council should consider how to formally monitor HCPC registration, including the expiry date of all social worker registration. Management should continue to develop the functionality of CORE to support this process. If relevant, reminders should be sent to all social workers when a registration is due to expire.</p> <p>e) The Council should produce an Engagement and Communications Plan to communicate any new monitoring procedures to ensure social workers are aware of their responsibility</p>		<p>This will be cross referenced with an HCPC website check. Once document is approved it will be placed on the intranet and briefing sessions held as appropriate</p> <p>A decision will need to be made as to where the responsibility rests for monitoring registration going forward. A formal meeting will be set up for discussions between client strategy, client assurance, client safeguarding and Capita to facilitate this discussion. Irrespective of where the responsibility lies CORE is currently being developed to record and provide management information to support this process.</p> <p>Work is already underway to develop CORE to store information relating to both DBS and HCPC. This work is currently in test phase with the aim to transfer data from manual spreadsheets to the system in</p>	<p>Recruitment Policy and Guidance details have gone through the final check against contract.</p> <p>Further Action for full implementation</p> <p>The Engagement and Communications plan will be rolled out and be made available on the intranet once the Safer Recruitment Policy and Guidance details have gone through the final check against contract.</p> <p>Revised implementation date: 30/11/15</p>

Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment for Audit Committee (October 2015)
<p>to provide timely evidence of registration.</p>		<p>July 2015.</p> <p>Reminders for Social Workers will be considered alongside the discussion regarding responsibility for monitoring in the meeting described above. Implementation of this process will follow in due course.</p> <p>Engagement and communication for all Social Workers will form part of the plan addressed in the meeting described above. Consideration and approval of this guidance will need to be discussed as well as the communication methodology. Implementation of this process to follow in due course.</p> <p>The meeting described above will be critical in informing what action should be taken by the Council to investigate Social Workers who fail to provide relevant evidence. Outcomes of this discussion will form part of the guidance and engagement</p>	

Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment for Audit Committee (October 2015)
		for managers and employees alike.	
<p>6. People Management – Pre-employment Checks</p> <p>Accuracy and Completeness of Vetting Information</p>	<p>Lead Human Resources Consultant</p> <p>Human Resources Operations Director, CSG</p> <p>Human Resources Operational Manager, CSG</p> <p>31 July 2015</p>	<p>The review of information held in CORE is currently underway. DU's are already undertaking an exercise to review whether a position requires a DBS check or HCPC registration as previously stated. Where there is uncertainty this will be reviewed through the DBS Consistency Forum described above.</p> <p>Data collated is being referenced back to establishment data in CORE and data is currently being prepared to complete test uploads within week commencing 29th June 15. The aim will be to have this recorded against live records in early July.</p> <p>Any gaps in information once data is loaded will either be addressed through the DBS consistency forum or raised with Managers as gaps.</p> <p>The Establishment Control</p>	<p>Partly Implemented</p> <p>a) All DBS and HCPC information is now held in CORE.</p> <p>b) Where posts have been identified as requiring DBS/HCPC checks these are underway and are ongoing.</p> <p>c) Establishment control forms are now in use across the business including a Movers Form to control movement of staff and capture the requirements of the post. The version of the form seen highlights the need to consider DBS checks and HCPC registration requirements in relation to the post and requires specific line manager completion. These updated forms will be embedded via Engagement and Communications channels.</p> <p>Further Action for full implementation</p> <p>DBS/HCPC checks required as a result of gaps identified to have all been completed and appropriate action on the outcomes taken where applicable.</p>

Audit Title and Recommendation	Responsible Area	Response from Management	Audit Assessment for Audit Committee (October 2015)
		Movers form has already been updated to capture the requirements of the post and the incoming employee. The aim will be for this to trigger the operations team to begin the process for upgrading if required and current certification doesn't already trump the requirements of the post. These updated forms will be embedded via Engagement and Communications channels.	Revised implementation date: 30/11/15

Audit Title and Recommendation	Audit Assessment for Audit Committee (October 2015)
7. Permanency Routes Permanency process and control - Records management and documentation retention	Implemented
8. Trade Waste Invoicing Approval and Allocation of Credit Notes	Implemented
9. Data Quality Re KPI 2.2 Compliance with definition	Implemented

9. Internal Audit effectiveness review

We have met our targets within the plan with the exception of one indicator being rated Red and one being rated Amber.

Implementation of internal audit recommendations – as per section 7 above, the progress of the 9 high priority recommendations due for implementation in quarter 2 is that 33% of recommendations have been fully implemented compared to a target of 90%. 67% have been partly implemented.

A summary of the status is as follows:

Status	Number	%
Implemented	3	33%
Partly Implemented	6	67%
Not Implemented	0	0%
Total	9	100

Performance Indicator	Target	End of Quarter 1
% of plan delivered	46%*	43%
Number of reviews due to commence vs. commenced in quarter	95%	100%
% of reports year to date achieving: <ul style="list-style-type: none"> Substantial Satisfactory Limited No Assurance N/A 	N/A	9% 54% 11% 0% 26%
Number / % of Priority 1 recommendations: <ul style="list-style-type: none"> Implemented Partly implemented Not implemented in quarter when due	90%**	33%

* Based on 95% complete of those due in quarter. Performance of <10% under target considered Amber; performance of >10% under target considered Red.

** Performance of 50-89% considered Amber; performance <50% considered Red.

10.Changes to our plan

Since the Internal Audit Plan was approved agreed in April 2015 there have been changes as follows:

Type	Audit Title	Reasons
Deferred	SEN Follow-Up - Education Healthcare Plans (EHC)	Deferred due to delays with Alternative Delivery Model (ADM) for Education & Skills and fact that 2014/15 SEN audit finalised in Q4
Deferred	Schemes of Delegation	As agreed with management due to additional changes to Schemes needed after Commissioning Council re-structure
Deferred	IT Strategy	Deferred due to changes in key personnel
Deferred	Internal Governance: Alternative Delivery Models	Reviews already conducted during year of HB Public Law (shared service model) and CSG (outsourced model). Therefore Q2 review deferred to Q4 when can review Re (Joint Venture model) Invoicing / Gain Share Agreements.
Combined	Procurement – Conflict Management	Included within scope of Procurement – Compliance with CPRs audit
Additional	Schools Payroll	Split out Schools Payroll from wider planned Key Financial Systems audit of Payroll
Additional	Teachers Pensions	Split out Teachers Pensions from wider planned Key Financial Systems audit of Pensions
Additional	Disabled Facilities Grant	Last minute notification from service that Internal Audit sign off required

11.Risk Management

The final performance report for Quarter 1 was presented to the Performance and Contract Monitoring Committee on 1st September 2015 and can be found via the link below:


<http://barnet.moderngov.co.uk/mgAi.aspx?ID=13723#mgDocuments>

Appendix I to the report is the Quarter 1 corporate risk register:

<http://barnet.moderngov.co.uk/documents/s25437/Appendix%20I%20-%20Corporate%20Risk%20Register.pdf>

Quarter 2 performance, including the corporate risk register, will go to the November meeting of the Performance and Contract Monitoring Committee.

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	<p>Audit Committee</p> <p>5 November 2015</p>
<p style="text-align: center;">Title</p>	<p>Corporate Anti-Fraud Team (CAFT) Progress Report July – September 2015.</p>
<p style="text-align: center;">Report of</p>	<p>Clair Green – Assurance Assistant Director</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;">Enclosures</p>	<p>Appendix 2 - CAFT Q2 Progress Report July – September 2015.</p>
<p style="text-align: center;">Officer Contact Details</p>	<p>Clair Green clair.green@barnet.gov.uk 0208 359 7791</p>

Summary

This report covers the period 1st July 2015 – 30 September 2015 and represents an up-to-date picture of the work undertaken by Corporate Anti-Fraud Team (CAFT) during that time.

Recommendations

- 1. That the Committee note the CAFT Progress Report covering the period 1st July - 30 September 2015.**

1. WHY THIS REPORT IS NEEDED

- 1.1 The Audit Committee included in the work programme for 2015/6 that quarterly progress reports on the work of the Corporate Anti- Fraud Team are produced to this meeting.

2. REASONS FOR RECOMMENDATIONS

- 2.1 N/A

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 None

4. POST DECISION IMPLEMENTATION

- 4.1 None

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The Council has a responsibility to protect the public purse through proper administration and control of the public funds and assets to which it has been entrusted. The work of the Corporate Anti-Fraud Team (CAFT) supports this by continuing to provide an efficient value for money anti-fraud activity, that is able to investigate all referrals that are passed to us to an appropriate outcome, whilst continuing to 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, whilst delivering a cohesive approach that reflects best practice and supports all the new corporate priorities and principles.

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

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

5.3 Legal and Constitutional References

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

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

To monitor the effective development and operation of the Council's

Corporate Anti-Fraud Team; and
To consider regular anti-fraud progress reports and summaries of specific fraud issues and investigation outcomes.

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

5.4 **Risk Management**

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

5.5 **Equalities and Diversity**

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

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

5.6 **Consultation and Engagement**

5.6.1 None

6. **BACKGROUND PAPERS**

6.1 Delegated Powers Report (ref: BT/2004-05 -2 March 2004) - The Corporate Anti-Fraud Team (CAFT) was launched on 7th May 2004

6.2 Audit Committee 30 April 2015 (Decision item 11) – the Audit committee included in the Committee Forward Work Programme for 2015/16 that quarterly progress reports on the work of the Corporate Anti-Fraud Team be produced to this meeting:
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=144&MIId=7810&Ver=4>

6.3 Audit Committee 30 April 2015 (Decision Item 8) – the Audit committee approved the Internal Audit and CAFT Annual Plan and Strategy and Risk Management Approach and internal audit charter:
<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=144&MIId=7810&Ver=4>

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Corporate Anti-Fraud Team (CAFT) Progress Report: July – September 2015

13th October 2015
Clair Green
Assurance Assistant Director

Introduction

This report covers the period 1st July 2015 – 30th September 2015 and represents an up-to-date picture of the work undertaken by Corporate Anti-Fraud Team (CAFT) during that time.

All CAFT work is conducted within the appropriate legislation and through the powers and responsibilities as set out within the financial regulations section of the Council's constitution. CAFT supports the Chief Finance Officer in fulfilling his 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.

Work processes in the team are designed for maximum efficiency and as such all functions are intrinsically linked and are dependent on each other in order to ensure CAFT continue to provide an efficient value for money counter fraud service and that is able to investigate all referrals or data matches to an appropriate outcome. CAFT 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 are taken. It is this element of the work of CAFT that is hard to quantify statistically.

As previously reported on 1st July 2015 Barnet area became a Single Fraud Investigation Service (SFIS) site in relation to benefit fraud investigations. SFIS is the creation of a national single integrated fraud investigation service within the Department of Work and Pensions (DWP). CAFT transferred all on-going benefit cases to SFIS and 3 CAFT investigators also transferred to the DWP back in July. CAFT no longer are authorised to investigate benefit fraud and as such this does not form part of our statistical reports.

Contents

1. Performance Indicators
2. Noteworthy Investigation Summaries

1. Performance Indicators

Table below provides an update against all performance indicators as set out within the 2015/16 counter fraud plan.

No targets are set against each of these indicators, as they are the results of CAFT re-active and continuous investigation work.

Performance Indicator	Quarter 2 July – September Progress	Comments
Corporate Fraud Team deal with the investigation of any criminal and fraud matters (except Benefit and Tenancy related fraud) attempted or committed within or against Barnet such as internal employee frauds, frauds by service recipients and any external frauds.. They work in partnership with UKBA, Police and HM Revenue and Customs to ensure that the public purse is adequately protected		
Number of carried forward Fraud investigations from Q1	35	
Number of new fraud investigations	13	
Total Number of closed fraud investigations	22	
Total number of on-going fraud investigations	26	Of these 26, 4 investigations, relate to Barnet Homes, 13 relate to Assisted Travel, 3 relate to School Admissions, 4 relate to planning, 1 relates to waste and recycling 1 relates to Environmental health Details of cases are reported on closure if fraud is proven or another sanction given.
Number of prosecutions	2	Please refer to noteworthy investigations sections of the report for further details
Number of dismissals as a result of a CAFT investigation.	0	
Number of school, places withdrawn as a result of fraudulent applications	2	Please refer to noteworthy investigations section of the report for further details
Financial Investigations - a Financial Investigation under the Proceeds of Crime Act 2002 ensures that any persons subject to a criminal investigation by Barnet do not profit from their criminal action		
Number of carried forward Financial investigations from Q1	10	
Number of new Financial investigations	3	
Number of closed Financial investigations	0	
Total Number of on-going Financial investigations	13	Of these 13 financial investigations, 1 case relates to Tenancy fraud, 6 relate to Benefit Fraud and the recovery of funds back to the council, 3 relate to

		Planning, 1 relates to Trading Standards, 1 relates to direct Payments, 1 relates to schools finance.
Number of requests authorised for surveillance in accordance with Regulation of Investigatory Powers Act 2000 (RIPA).	0	This is reported for information purposes in accordance with our statistical return to the Office of Surveillance Commissioners
Number of referrals received under the council's whistleblowing policy.	1	This is reported for information purposes only in accordance with our policy.
Tenancy Fraud Team prevent, identify, investigate, deter and sanction or prosecute persons that commit tenancy fraud in Barnet, ensuring maximising properties back to the council where Tenancy Fraud has been proven.		
Number of carried forward Tenancy Fraud investigations from Q1	68	Of the 87 on-on-going investigations there are currently 5 cases with legal awaiting criminal hearings and 5 cases awaiting civil hearings.
Number of new Tenancy Fraud investigations	103	
Total Number of closed Tenancy Fraud investigations	84	
Total number of on-going Tenancy Fraud Investigations.	87	
Number of properties recovered	20	20 properties have been recovered this year so far. The savings that this number of recovered properties equates to is £3.0m* (*according to audit commission calculation of £150k per recovered property)
Number of 'Right to Buy' applications denied as a result of CAFT intervention	14	The savings in discounts that were offered to tenants in the right to buy scheme are in the region of £606,920
Number of Homeless Applications denied as a result of CAFT intervention	5	We have been working pro-actively with the housing options team and this is starting to have an effect with increased referrals to CAFT and measurable outcomes.
Temporary accommodation/emergency accommodation properties stopped	2	

2. Noteworthy investigations summaries:-

Benefit Fraud

Mr Moradifard– relates to a joint investigation with the DWP into a benefit claimant where we had concerns that numerous housing benefit claim forms were completed in similar handwriting in different names. False benefit claims were believed to have been made to the Barnet and London Borough of Haringey by the same person in at least six different identities. Further investigations with the DWP revealed more identities. Mr Moradifard was arrested and interviewed under caution on two occasions and each time tried to blame someone else for the fraud. Mr Moradifard was found guilty of making a false application for benefit under the Social Security Administration Act 1992 and nine counts of fraud by false representation under the Fraud Act 2006 following a five week trial at Wood Green Crown Court. He had claimed £80,726.24 fraudulently in benefits. He was sentenced to three years and nine months imprisonment. The judge took the unusual step of reading out a letter of commendation in respect of the CAFT investigation officer; He said the outcome had depended on the diligence and perseverance of the officer who had continued to investigate following the CPS decision not to pursue the case. Confiscation proceedings are ongoing and Mr Moradifard's assets have been restrained.

Tenancy Fraud

Mrs Thompson had a two bedroom flat in the NW9 area. There were suspicions that Mrs Thompson was not actually resident and the matter was passed to CAFT. Investigations began into the residency of the property and appeared to show she was actually living elsewhere. When she became aware that she was being investigated, Mrs Thompson returned the keys to the property and surrendered the tenancy. Mrs Thompson was interviewed under caution regarding a criminal offence and she was subsequently found guilty of two offences under the Fraud Act 2006. She was sentenced to a 12 month community order and 200 hours unpaid work. Confiscation proceedings are still ongoing.

Mr Savani made a right to buy application on his elderly Mothers property. He stated that he had been resident for over 12 months. CAFT looked into the application and there were concerns that he lived elsewhere and had submitted a false application to purchase his mother's property. Mr Savani was interviewed under caution and admitted he actually lived with his wife elsewhere. Mr Savani was prosecuted and pleaded guilty to an offence contrary to the Fraud Act 2006. He was sentenced to 12 months custody, suspended for 18 months. A curfew was imposed saying he could not leave home between 7pm – 7am for 6 months and was electronically monitored. He was also ordered to do 80 hours unpaid work within 18 months and ordered to pay full costs of £4129.00. If the right to buy application had been successful, Mr Savani would have been entitled to purchase the property with a discount of £103,900 less than the current market value.

Mr H had a two bedroom property in the NW4 area. A referral was received from Metropolitan Housing stating they had concerns that the tenant was not resident. Checks showed many links to another address. Mr H was interviewed under caution regarding the matter and admitted to not being resident in the property since 2010. Following discussions with CAFT, Mr H agreed to relinquish the tenancy of the property. Nomination rights are then given to Barnet Homes to rehouse a tenant into the property. The matter has been passed to our legal team to commence criminal proceedings against Mr H.

Mrs M had a three bedroom property in the NW9 area. Mrs M made a right to buy application in respect of the property, but became aware that CAFT were looking into her tenancy following an allegation that she was not resident in the property. She withdrew the right to buy application. If the right to buy application had been successful, Mrs M would have been entitled to purchase the property with a discount of £103,900 less than the current market value. However she then asked for a transfer to a smaller property to be nearer her daughter. A member of CAFT went round the property with a member of Barnet Homes and cautioned Mrs M as we did not believe she was resident. Within days, Mrs M returned the keys to the property and surrendered the tenancy. If

she had been successful with the trade down to a one bedroom property, Mrs M would have received £3,000 in compensation.

Corporate Fraud

Mr Titi – This case relates to the use of a stolen Blue Disabled Badge by the Mr Titi, the owner of a Hair Salon in Golders Green. CAFT officers investigated the referral and identified that the Blue Badge being used had been reported Stolen in 2012 and on seeing the Badge being used in a vehicle in Golders Green Called the police who attended the scene. Mr Titi was found working in his salon where he was arrested and charged with theft by finding and handing stolen goods as well as Fraud by false representation. He appeared at Highbury Magistrates court in September 2015 where he pleaded guilty and received a £200.00 fine, a victim surcharge of £20.00 and also crown prosecution service charge £85.00 and criminal court charge of £180.00.

Mr Ghadakchi – This case relates to the misuse of a Disabled Blue Badge by a visitor to the North London business Park who had parked his vehicle in a disabled bay and displayed a Blue Badge. Mr Ghadakchi was approached by CAFT officers who asked to inspect the badge. On Inspection the Badge was seen to be that of an elderly female which turned out to be his mother. Mr Ghadakchi was interviewed under caution for Misuse of a Disabled Blue Badge and pleaded guilty to Wrongful use of disabled person's badge contrary to Section 117 Road Traffic Act 1984. He received a fine of £300, a court charge of £150, a victim surcharge of £30 and ordered to pay prosecution costs of £600. This case represents the first formal prosecution by the London borough of Barnet for Misuse of a Disabled Persons Blue Badge.

AA99 – As part of CAFT pro-active anti-fraud plan we looked at a sample secondary schools applications in the borough to identify any fraudulent applications. This case relates to the false application for a school place at **Mill Hill County School** which resulted in the place being offered. The application stated that the child and the parents were residing at an address within the Borough of Barnet. Checks carried out by the CAFT identified that the family were actually living and claiming benefits at an address in Hornchurch in Essex at the time that the application was submitted. The case was presented to the School Admissions department and after due consideration the school place was withdrawn.

AA91 - As part of CAFT pro-active anti-fraud plan we looked at a sample secondary schools applications in the borough to identify any fraudulent applications. This case relates to the false application for a school place at **The Archer Academy** which resulted in the place being offered. The application stated that the child and the parents were residing at an address within the New Barnet area. Checks carried out by the CAFT identified that the family were actually living at an address in East Barnet at the time that the application was submitted. The case was presented to the School Admissions department and after due consideration the school place was withdrawn.

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	<h2>Audit Committee</h2> <h3>5 November 2015</h3>
<p style="text-align: right;">Title</p>	<p>ICT operations – ITIL methodology assessment</p>
<p style="text-align: right;">Report of</p>	<p>Chief Operating Officer</p>
<p style="text-align: right;">Wards</p>	<p>All</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Urgent</p>	<p>No</p>
<p style="text-align: right;">Key</p>	<p>No</p>
<p style="text-align: right;">Enclosures</p>	<p>Not Applicable</p>
<p style="text-align: right;">Officer Contact Details</p>	<p>Jenny Obee, Head of Information Management, jenny.obee@barnet.gov.uk, Tel: 020 8359 4859</p>

<h2>Summary</h2>
<p>At the Audit Committee meeting on 30 July 2015 the committee resolved to request the Chief Operating Officer to look into whether Capita Customer Service Group follows ITIL (Information Technology Infrastructure Library) methodology, and to provide a report to the next meeting.</p> <p>The detail of the review is given in the body of the report.</p>

<h2>Recommendations</h2>
<p>1. That the Committee note the content of this report.</p>

1. WHY THIS REPORT IS NEEDED

- 1.1 At the Audit Committee meeting on the 30th July 2015 the committee resolved to request the Chief Operating Officer to look into whether Capita Customer Service Group (CSG) follows ITIL (Information Technology Infrastructure Library) methodology, and to provide a report to the next meeting.

- 1.2 The purpose of ITIL is to provide advice on best practices in IT service management. It includes options that may be adopted and adapted by organisations according to business need, local circumstances and the maturity of the service provider.
- 1.3 Within the CSG contract, Capita were committed to achieve alignment to ITIL version 3 ICT processes and procedures. This commitment was intended to ensure that the transitioned ICT service continued to progress towards complete ITIL alignment, as had been initiated by the council prior to the NSCSO programme.
- 1.4 Capita has since requested that this commitment be changed to deliver ISO20000 standard ICT service delivery. The council has agreed to this change as it means the council retain improved ICT audit options.
- 1.5 The council intends including the ICT operations in the 2016/17 internal audit plan.

1.6 **BACKGROUND INFORMATION**

- 1.6.1 Under the Commitments in the CSG ICT Contract, the following commitment (T3-118) was originally made “The Service Provider will, on or before 5 months following the Service Transfer Date achieve alignment to ITIL version 3 IS processes and procedures within the IS Service operation as set out in Schedule 2, Service Delivery Plans, IS Service.”
- 1.6.2 In June 2014, Capita has requested that the wording of this Commitment (T3-118) be changed (Change Request CR045) to allow CSG to demonstrate best practice in ICT operations, and to be able to provide evidence of compliance.
- 1.6.3 The Commitment wording has therefore been changed to, “The Service Provider will, on or before 16 months following the Service Transfer Date achieve adoption of Capita’s ISO20000 standard within the IS Service operation as set out in Schedule 2, Service Delivery Plans, IS Service.”
- 1.6.4 ISO 20000 is the first international standard for IT service management. Implementing an ISO 20000 IT service management system supports and enhances ITIL® and is the logical next step for organisations that have adopted the ITIL methodology.
- 1.6.5 The purpose of ITIL is to provide advice on best practices in IT service management. It includes options that may be adopted and adapted by organisations according to business need, local circumstances and the maturity of the service provider.

1.6.6 The British Standards Institute (BSI) website states the following: “The ITIL best practice guides and the BS ISO/IEC 20000 series have been integrated under a concordat between BSI, IT Service Management Forum (ITSMF) and the Office of Government Commerce (OGC). Industry should not be confused by the publication of two sets of documents from two different but authoritative sources and all publications should align and cross-refer. The intention is that both sets of publications form parts of the same logical structure.

BS ISO/IEC 20000 sets the standards that service management processes should aim for. ITIL sets out good practices that, if adopted, would assist service management to achieve the quality defined in BS ISO/IEC 20000.

It is not a requirement for a service provider to have adopted ITIL best practices or ITIL terminology to achieve compliance with BS ISO/IEC 20000. However, it will certainly be easier to achieve if this is the case.”

1.6.7 The change in wording of the ICT Commitment provides the council the option of auditing the compliance of the CSG ICT operation under ISO20000 standards using internal or external audit resources to address any concerns of Members or council officers. This is because ITIL, as a set of best practices for IT service management, does not lend itself to audit as services differ according to the needs of an organisation; however, alignment to the formal ISO 20000 international standard can be audited.

1.6.8 It is intended that an audit form part of the Internal Audit plan for 2016/17. While IT service management has not been party to an internal audit over the last three years, other aspects of the IT service have been audited. This includes audits on IT access controls and SAP data migration, with audits underway on disaster recover, information security, IT strategy and the IT helpdesk operation.

2. REASONS FOR RECOMMENDATIONS

2.1 None

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 None

4. POST DECISION IMPLEMENTATION

4.1 None

5. IMPLICATIONS OF DECISION

5.1 None

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

5.2.1 None

5.3 Legal and Constitutional References

5.3.1 Council Constitution, Responsibility for Functions, Annex A, sets out the terms of reference of the Audit Committee, including ‘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’.

5.4 Risk Management

5.4.1 None

5.5 Equalities and Diversity

5.5.1 None

5.6 Consultation and Engagement

5.6.1 None

5.8 Insight

5.8.1 None

6. BACKGROUND PAPERS

6.1 Item 13.2 of the 30th April 2015 Audit Committee meeting “That officers provide a report on CSG compliance requirements in respect of ITIL (Information Technology Infrastructure Library) methodology (<http://barnet.moderngov.co.uk/documents/g8413/Printed%20minutes%2030th-Jul-2015%2019.00%20Audit%20Committee.pdf?T=1>.)

**London Borough of Barnet
Audit Committee Work
Programme 2015-2016
November 2015 - February 2016**

Contact: Kirstin Lambert 020 8359 2177 kirstin.lambert@barnet.gov.uk

Title of Report	Overview of decision	Report Of (<i>officer</i>)	Issue Type (Non key/Key/Urgent)
30 July 2015			
Internal Audit Annual Report and opinion 2014/15	To consider the Internal Audit Annual Report and opinion for 2014/15	Head of Internal Audit	Non key
Internal Audit Quarterly Progress Report (including Exception Recommendations Report)	<p>To consider summaries of specific Internal Audit reports as requested</p> <p>To consider reports dealing with the management and performance of the providers of Internal Audit services</p> <p>To consider a report from Internal Audit on agreed recommendations not implemented within a reasonable timescale</p> <p>To monitor the effective development and operation of risk management and corporate governance in the Council</p>	Head of Internal Audit	Non key
Direct Debit Collections - April 2015	Provides the Committee with a report on a direct debit collection failure which occurred at the beginning of April 2015, and its impact on Barnet Homes for rental and leaseholder income	Chief Operating Officer (Director of Finance / Section 151 Officer)	Non key

Subject	Decision requested	Report Of	Contributing Officer(s)
CAFT Quarterly Report	To monitor the effective development and operation of the Council's Corporate Anti-Fraud Team (CAFT) To consider regular anti-fraud progress reports and summaries of specific fraud issues and investigation outcomes	Assurance Assistant Director	Non key
External Auditor's Report under International Standard on Auditing (ISA) 260 for the year 2014/15	To consider the External Auditors report to those charged with governance on issues arising from the audit of the Council's accounts.	Chief Operating Officer (Director of Finance / Section 151 Officer)	Non key
Annual Governance Statement	To oversee the production of the Authority's Annual Governance Statement and to recommend its adoption	Assurance Director	Non key
Annual Report of the Audit Committee	The Audit Committee shall prepare a report to Full Council on an annual basis on its activity and effectiveness.	Assurance Assistant Director	Non key
5 November 2015			
Quarter 2 Internal Audit Progress Report	To note the progress against internal audit recommendations and work completed to date on the Internal Audit Annual Plan 2015-16 and high priority recommendations.	Head of Internal Audit	Non key

Subject	Decision requested	Report Of	Contributing Officer(s)
Corporate Anti-Fraud Team (CAFT) Progress Report July - September 2015	This report covers the period 1st July 2015 – 30 September 2015 and represents an up-to-date picture of the work undertaken by Corporate Anti-Fraud Team (CAFT) during that time. The Committee are asked to note the report.	Assurance Assistant Directos	Non key
ICT operations - ITIL methodology assessment	At the Audit Committee meeting on the 30th July 2015 the committee resolved to request the Chief Operating Officer to look into whether Capita Customer Service Group follows ITIL (Information Technology Infrastructure Library) methodology, and to provide a report to the next meeting. The detail of the review is given in the body of the report.	Chief Operating Officer	Non key
External Audit Progress - Verbal update		Assurance Director	Non key
28 January 2016			
Risk Management Policy Statement and Strategy	To monitor the effective development and operation of risk management and corporate governance in the Council	Assurance Assistant Director	Non key

Subject	Decision requested	Report Of	Contributing Officer(s)
Annual Report of the Audit Committee	<p>The Constitution under Responsibility for Functions includes the following within the Audit Committee’s terms of reference:</p> <p>“The Audit Committee shall prepare a report to Full Council on an annual basis on its activity and effectiveness.”</p> <p>The attached Annual Report describes how the Audit Committee meets its objectives as well as detailing the work of the Committee to date and the outcomes it has achieved for 2014-15.</p>	Assurance Assistant Director	Non key
Internal Audit Progress Report - Quarter 3	To note the progress against internal audit recommendations and work completed to date on the Internal Audit Annual Plan 2015-16 and high priority recommendations.	Head of Internal Audit	Non key
External Audit Exceptions Recommendations Report and Progress Report up to 31 December 2015	The Committee are asked to note the report.	Assurance Director	Non key

Subject	Decision requested	Report Of	Contributing Officer(s)
Corporate Anti-Fraud Team (CAFT) Progress Report Q3 October 2015 - December 2015	This report covers the period 1st October 2015 – 31 December 2016 and represents an up-to-date picture of the work undertaken by Corporate Anti-Fraud Team (CAFT) during that time. The Committee are asked to note the report.	Assurance Director	Non key
Annual Audit Letter 2014-15	To consider the External Auditor's Annual Audit Letter for 2014/2015 on the Council's position in respect of the Audit of the Accounts, Financial Performance, Value for Money and Financial Resilience.	Chief Operating Officer (Director of Finance / Section 151 Officer)	Non key
External Audit Progress - Verbal Update		Assurance Director	Non key
19 April 2016			
CAFT Annual Report (including final quarter)	The Committee is asked to consider and comment on the CAFT Annual Report 2015-16.	Assurance Assistant Director	Non key
Annual External Audit Plan	To advise the committee of BDO's Audit Plan for 2015/16 and provide an update on results of interim audit work to date	Assurance Director	Non key

Subject	Decision requested	Report Of	Contributing Officer(s)
Internal Audit Quarterly Progress Report (including Exception Recommendations Report)	That the Committee note the progress against internal audit recommendations and work completed to date on the Internal Audit Annual Plan 2015-16 & high priority recommendations.	Head of Internal Audit	Non key
Internal Audit and CAFT Annual Plan and Strategy and Risk Management Approach	That the Audit Committee endorses the Internal Audit and Anti-Fraud Strategy & Annual Plan and Risk Management Approach for 2015-16.	Head of Internal Audit	Non key
Items to be allocated			
Ad Hoc Audit Reports	To commission work from Internal and External Audit arising from the consideration of other scheduled reports subject to them being proportionate to risk identified and with agreement from the Chief Executive To review any issue referred to the Committee by the Chief Executive, a Director or any Council body		Non key

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