

Thursday 16 June 2011

1. Risk to residents

The Audit Report reveals an appalling sequence of extremely serious failures, over a period of five years, in the council's unregulated use of the MetPro security companies.

There are three particularly serious issues which emerge from the report which are a direct consequence of the failure to monitor the actions of the companies: one is in relation to the safeguarding implications of the use of unlicensed employees without CRB checks, and another is in regard to the data protection breaches that took place in relation to the covert and illicit filming of residents at the Budget meeting of March 1st, and thirdly there is the question of the potential criminal offences committed by the use of unlicensed security operatives.

I would like to ask the committee the following:

- Members of the committee were sent by me copies of a document 'Emergency Response at Barnet House' which clearly proves that MetPro employees claimed to work with children, including children at risk, and vulnerable adults at Barbara Langstone House hostel. The document includes a photograph of an employee apparently having physical contact with a child, which would seem at the very least inappropriate, if no doubt entirely innocuous. The implications of this failure to establish CRB credentials are enormously significant and represent a potential sustained failure of duty of care. Has the council instigated an urgent independent inquiry into the risk to residents, especially children and vulnerable adults, posed by the unregulated use of these companies? If so, can they give us evidence of the date of the decision to proceed with such an inquiry, and if no inquiry has been instigated, explain why not?
- Several residents, including myself, were filmed without our consent at the budget meeting on March 1st. The council did not inform us of this gross invasion of privacy and breach of the data protection laws, but obtained and secretly destroyed a copy of this footage. The original footage is retained by the company in question and in my case the company will not comply with a request for access to it. Has the council instigated an urgent independent inquiry into the data protection breaches which took place on council property, or in the course of council actions elsewhere, not just on March 1st, but throughout the five years of the period of uncontracted use of these companies? If so, what evidence can the council show of the date of the decision to instigate such an inquiry, and if no inquiry has been instigated, explain why not?
- Has the council reported to the SIA or the Metropolitan Police the fact that MetPro have been using unlicensed security employees, in breach of the law? If this has been reported to them, what evidence can the council provide of the date this was reported, and if it has not been reported to the SIA, or the Metropolitan Police, why not?

2. Endemic problem of Directors and responsible officers not addressing internal audit recommendations

The Head of Internal Audit reported to the Audit Committee (29 September 2009, Item 8, page 31, Risk 5 on Spend analysis) that the then Director of Major Projects (Mr Craig

Cooper) had confirmed that an effective spend analysis and monthly vendor monitoring processes were in place. See link below to access the report:

<http://committeepapers.barnet.gov.uk/democracy/reports/reportdetail.asp?ReportID=8541>

It is clear from the above there is an endemic problem of Directors and responsible officers not addressing internal audit recommendations.

In recognition of the above will the Audit Committee ask for a further report from the Assistant Director of Finance- Audit and Risk Management to establish that there is no endemic problem of Directors and responsible officers not addressing internal audit recommendations, which would require the Audit Committee to see the following:

- Full copies of all audit reports that have reported weaknesses or risks around procurement, tendering, ordering, invoice payments, vendor control, safeguarding during the past 5 years.
- Analysis of these reported weaknesses or risks and identify those that have been reported more than once and are reported in the current report on MetPro.

3. Responsibility for ensuring compliance with CPR

The Executive Summary of the Draft Internal Audit Report MetPro Rapid Response Ltd (MetPro) May 2011, at paragraph 5, states that Directors and Heads of Service are responsible for all contracts tendered and let by their service areas. The Internal Audit Report informs us that in the case of the MetPro companies there was no contract nor did any tendering take place.

Paragraph 1.2 of the council's Contract Procedure Rules states:

“...it is a disciplinary offence to fail to comply with Contract Procedure Rules and the Procurement Code of Practice when letting contracts. Council employees have a duty to report breaches of Contract Procedure Rules to an appropriate senior manager and the Head of Internal Audit and Ethical Governance.”

In Part 2 (Financial Administration), section 12, “Ordering of Supplies, Works and Services”, of the council's Financial Regulations it states:

“Procurement of supplies, works and services must be in accordance with Contract Procedure Rules and Procurement Code of Practice.”

Can the Audit Committee tell me who is responsible for ensuring compliance with the Contract Procedure Rules when committing any expenditure i.e. placing an order? Who was responsible in those departments that dealt with the MetPro companies?

What disciplinary measures should be taken against Directors and Heads of Service who appear to have failed to ensure their departments comply with the council's own Contract Procedure Rules?

4. Spend analysis

The Head of Internal Audit reported to the Audit Committee (29 September 2009, Item 8, page 31) that the then Director of Major Project (Mr Craig Cooper) had confirmed that an effective spend analysis and monthly vendor monitoring processes were in place. See link below to access the report:

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I presume the purpose of this activity was to ensure that for every vendor without a valid contract, where the spend is or is expected to be above the relevant CPR threshold, there is either a valid contract, planned process for renewing the contract or a tendering process is promptly put in place. Given that it is now well over 12 months since this assurance was given to the Audit Committee all vendors, where the spend is above the spend threshold, by now would have been selected through fair means of selection and covered by a valid contract.

We are informed that the monthly vendor monitoring process was carried out but only for the top 10 vendors. I assume that this narrow process was put in place with the full knowledge and understanding of the then Director of Major Projects and now the Director of Commercial Services. It appears to me that under this process it is highly likely that the majority of the 10 vendors would be identified again and again each month and that each month officers will spend valuable time to check if the same vendor, checked the previous month, is covered by a contract. I would argue that this does not appear a very productive use of resource.

Can the Audit Committee tell me how the relevant Director (i.e. Director of Commercial Services) thinks that monitoring top 10 vendors would lead to all Council spending to be controlled under CPR to enable the Council to obtain value for money?

5. Fraud, over- or duplicate payment

The Internal Audit Report is silent on whether purchase orders were raised prior to the receipt of invoices from MetPro to ensure e.g. availability of budget before committing the Council to spend, to prevent over- or duplicate payments, etc.

Can the Audit Committee tell me whether, if purchase orders for MetPro services were raised after the receipt of invoices, have there been any over- or duplicate payments and if so what is the total value?

6. Engagement of MetPro Rapid Response

What information did the audit committee inquiry uncover about how MetPro Rapid Response came to be chosen to do security work for the council, given that we seem to have no written record of any tender or bid?

7. Implications for the One Barnet Programme

The value of the work done by the MetPro companies for Barnet council since 2006 is in the order of £1.4 million. While this is a substantial amount, it is still quite small in comparison to the size of the contracts the council is offering in the One Barnet (outsourcing) Programme. On the basis of the evidence of the MetPro inquiry, how can the council reassure residents

that the council is in any fit shape to handle procurement on the scale that is envisaged by the One Barnet Programme?