

AGENDA ITEM: 9

Page nos. 6 - 31

Meeting	Audit Committee
Date	7 December 2010
Subject	Internal Audit Progress Report
Report of	Assistant Director of Finance - Audit and Risk Management
Summary	Members are asked to note the Progress Report and Appendices.

Officer Contributors	Assistant Director of Finance - Audit and Risk Management
Status (public or exempt)	Public
Wards affected	None
Enclosures	Appendix A - Internal Audit Progress Report
For decision by	Audit Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Maryellen Salter, Assistant Director of Finance - Audit and Risk Management 020 8359 3167

1. RECOMMENDATIONS

- 1.1 That the Committee note the contents of the Report and the actions being taken to address the deficiencies.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 At the Audit Committee meeting on 11 March 2010 members 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. It was also resolved at the meeting of the 21st September 2010 that where an audit had limited assurance that greater detail be provided than previously.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 All internal audit planned activity is aligned with the Council's objectives, particularly the “Better Services with Less Money” priority, 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.

4. RISK MANAGEMENT ISSUES

- 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.
- 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. EQUALITIES AND DIVERSITY ISSUES

- 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.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 As the Internal Audit plan is risk based this provides more appropriate assurance on those high priority areas within the Council. 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.

7. LEGAL ISSUES

- 7.1 No legal issues in the context of this report. Legal advice and assistance is readily available to Directorates to ensure the Council properly complies with public procurement requirements.

8. CONSTITUTIONAL POWERS

- 8.1 The Constitution Part 2 Paragraph 3.3 recognises that the annual audit opinion plays an essential part in advising the Council that risk management procedures and processes are in place and operating effectively.

9 BACKGROUND INFORMATION

- 9.1 This report provides details of the audits carried out during July to October 2010 and also gives the assurance level for each audit. These will ultimately lead to the overall assurance opinion for the year included within the Annual Governance Statement.

10. LIST OF BACKGROUND PAPERS

- 10.1 Any person wishing to view any of the background papers should telephone 020 8359 3167.

Legal: MM

Finance: MC/JH

London Borough of Barnet
Internal Audit & Risk Management
Progress Report 2010-11– Quarter 2

Maryellen Salter, Assistant Director of Finance, Audit and Risk Management

Table of Contents

1. Introduction	1
2. Final Reports Issued	1
3. Key Findings from Internal Audit Work.....	2
4. Work in progress and effectiveness review.....	8
5. Liaison with Officers and External Audit.....	8
6. Changes to our plan.....	9
7. Risk Management	10

Appendices:

- A: 2010/11 Work during quarter including assurance levels
- B: High level recommendations (priority 1)
- C: Work in progress
- D: Internal Audit Effectiveness Indicators
- E: Risk Management Improvement Plan

1. Introduction

The Internal Audit Plan was agreed by the Audit Committee on the 11th March 2010. This report follows the principles previously accepted by the Committee, in that all audit reports with limited or no assurance will be summarised into key messages with some detail.

In addition, we have provided information for the Audit Committee to consider in relation to risk management.

2. Final Reports Issued

This report covers the period from 31 July 2010 to the 31 October 2010. The Internal Audit service has over this period issued 8 reports in accordance with the 2010-11 Internal Audit Plan. The full list of completed audits during this period is included within Appendix A. Of the 8, all but 2 were graded at satisfactory assurance.

Of the 8 completed 2 audits were carried forward from the 2009-10 Internal Audit Plan. In future all audits for the year will be completed for the June Audit Committee in line with when the Overall Internal Audit Opinion is given. Targets for individuals within the in-house team and the outsourced contract have been set to ensure that this occurs (these targets feed into those reported in Appendix D).

The approach to follow-up audits will be that audits will be dependent on the overall assurance given and the priority of the recommendations. Those with limited or no assurance will be followed up by the service. The majority of the follow-up audits are planned for quarters 3 and 4.

3. Key Findings from Internal Audit Work

Title	Risk Management (2009-10 Internal Audit Plan) – Finance Directorate			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion & Direction of Travel (Follow-up in 2008/09)				
Date final report issued	25 th October 2010			
Background	<p>The purpose of the audit was to determine whether the Council has a Risk Management Strategy (RMS) that meets the Council's needs, complies with best practice and results in effective risk management across the Authority.</p> <p>The Council's Risk Management Strategy (May 2008) explains that "An effective Risk Management process will allow management to have assurance that all corporate and system objectives will be met efficiently and effectively. If operating effectively, it is expected that the results will include increased efficiency, reduced costs and added protection to the Council's reputation".</p>			

Summary of Findings	<p>The following key findings were reported:</p> <ul style="list-style-type: none">• there is not an integrated corporate approach to risk management arrangements across the Council – this was evidenced by the CRMT not being engaged in the following corporate business processes in relation to risk management:<ul style="list-style-type: none">• reporting of financial risks• reporting of partnership risks• project and programme risks• health and safety risks• it was not possible to establish how risks set in the context of corporate priorities in the 2009-10 Corporate Plan had been risk assessed – there is no clear reference to show the corporate risks link to the corporate priorities - it was confirmed by the Head of Risk & Insurance and Corporate Risk Officer that there is no clear “management trail” to demonstrate this.• the current risk management arrangements and practice are not in accordance with the adopted risk management strategy
----------------------------	--

**Priority 1
recommendations**

There were three priority 1 recommendations that are summarised as follows:

- (1) As part of the continuous migration of the risk information, Corporate Risk Management Team (CRMT) should remind all Service Performance Leads that:
- risks are transferred onto the RM System within an agreed timeframe;
 - recording of risks in the excel spreadsheet format stops; and
 - progress reported back to the Risk Management forums.

CRMT should ensure that the corporate risks are also recorded onto the system.

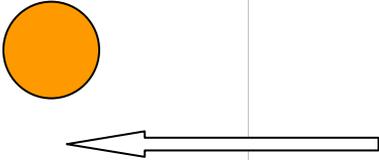
- (2) CRMT should:

- a) develop formal reporting arrangements with the Council's Officer responsible for LSPs and Service Performance Leads to seek assurance that there are effective arrangements;
- for managing partnership risks in the delivery of Council services and there is evidence to provide assurance about the management of risk;
 - within the Business Continuity arrangements, which is a specific risk management process designed to manage the risk that may interrupt or stop effective service delivery.

b) increase awareness through training that services need to develop their understanding of the common risks they share and work together to manage them. The complex interconnection between services e.g. children's service, NHS and adult services socials, means that services need to share and understand key cross cutting risks.

- (3) CRMT should ensure that data within the Web Based RM System should be used for all reporting purposes

<p>Management Responses and agreed action dates</p>	<p>Management has agreed the following responses in relation to above recommendations:</p> <ol style="list-style-type: none"> (1) All risks are now recorded within the Council's live risk management system, JCAD. All system generated reports showing the top three risks in each directorate are taken to the Risk Forum for scrutiny and challenge amongst risk champions. Recommendation has been implemented. (2) Partnership risks are managed as part of Directorates risk registers. Due to the LAA being announced as ended and Barnet being announced as a pilot for Community based budgets (formerly known as place based budgets) there will be some major changes to the LSP. More will be led by the One Barnet Programme and risk managed within that context. Business Continuity appears on every directorate risk register and indeed is part of the annual Internal Control Checklist (ICC). The Risk Forum has been used to share and challenge new and emerging risks and these meetings occur on a quarterly basis. Some of these have been implemented and the remainder will be implemented by March 2011. (3) The reporting cycle for risks has been joined up with performance reporting on a quarterly basis. This feeds into the Corporate Directors Group, Statutory Officers Group and Cabinet Resources Committee (CRC). It is also a part of the risk Forum to receive these reports quarterly and challenge the content. Reporting will continue to evolve through this process. All reports are run from the Council's 'live' risk management system JCAD. All actions have been implemented.
--	--

Title	Independent Provider Performance – Building Resilience and Supporting Independence (BRSI) (2010-11 Internal Audit Plan) – Children’s Service			
Assurances	No	Limited	Satisfactory	Substantial
Audit Opinion & Direction of Travel Last review : Children in Care Feb 2010				
Date final report issued	9 th September 2010			
Background	<p>The review focused on independent provider performance in BRSI (Building Resilience and Supporting Independence). The allocation at the 1st April 2010 for 2010-11, Sure Start funding amounts to £11,372,740 and base budget amounts to £1,906,060.</p> <p>The audit reviewed compliance with contract procedures, contract monitoring, including safety arrangements and delivery issues, payment procedures and how the Council achieves value for money from independent providers. This covered strategic, operational and financial areas within these projects. Specifically we reviewed arrangements for the following agreements relating to applications and approval for funding for projects/initiatives set up to deliver outcomes for children and young people:</p> <ul style="list-style-type: none"> a) LBB Raising Standards Team (internal) b) Childminding Team (internal) c) Coram (external) d) Royal Free Hampstead NHS Trust (external) 			

<p>Summary of Findings</p>	<p>Following on from the scope outlined the findings were as follows:</p> <p>(1) Strategy – limited assurance that the objectives would be met. The strategy involved the formal approval of contractors following satisfactory demonstration of how their delivery would support key objectives. Mechanisms to select contractors able to maximise VfM outcomes based on the capturing, analysis and use of related intelligence are planned through the introduction of tender/quotation processes. The strategy involved the routine monitoring of contractor delivery based on evaluation submissions. There is scope for improving contract monitoring processes for confirming and monitoring arrangements for data security at and CRB checking by external contractors as part of the strategy.</p> <p>(2) Operational - provide limited assurance that the objective will be achieved. There was evidence of effective processes for linking contractor activity to key objectives and performance measures and the monitoring or planned monitoring of delivery of the numerous contractors. There is scope for improving arrangements for linking contractor delivery to performance measures and targets related to desired outcomes for children (i.e. impact on children not merely activity) and for validating the information, submitted by contractors as part of the contract monitoring process, as proof of their performance.</p> <p>(3) Financial - satisfactory assurance that the amounts are correctly paid for services authorised and delivered for BRSI contracts monitored by the BRSI Divisional Manager.</p>
<p>Priority 1 recommendations</p>	<p>There were no priority 1 recommendations however a series of priority 2 recommendations that the relevant Manager has agreed to implement.</p>
<p>Management Responses and agreed action dates</p>	<p>N/A as above.</p>

4. Work in progress and effectiveness review

Appendix C includes a list of all of those audits at the planning, fieldwork, or draft reporting stages.

Appendix D shows how effective Internal Audit at delivery of the three aspects of value for money – efficiency and effectiveness. Economy is reported within quarterly performance reports to Directorates and CRC, as at the end of October we are £15k over budget.

The exceptions that are showing within these indicators relate to the following:

Effectiveness – the percentage of recommendations implemented, this is currently at 89% with a target of 90%. This is due to one school that was followed up in 2010-11 that has yet to evidence that they have implemented the recommendations. We have obtained verbal feedback that these recommendations have been implemented however we are awaiting evidence before we can give assurance to the Audit Committee.

School	No. of Recommendations	No. of recommendations implemented
Oakleigh	4	0

Efficiency – the percentage of plan completed to date should be in line with the allocation of audits between quarters. According to the schedule, and allowing for an overall 95% target, the service should be 60% through their work however the outcome for quarter 2 is 33% achieved against this target. Action has been taken to improve this target with individuals being set personal targets for delivery of audits. There is also an escalation policy in place if auditors are waiting on replies from managers or assistant directors. There are a number of protocols and practices that are being revised to ensure that the programme of work is delivered within the 95% target for quarter 4.

In addition, processes are being streamlined including the reporting and feedback. This will create efficiencies but also add more value to managers/directors.

5. Liaison with Officers and External Audit

The Internal Audit Service is committed to the managed audit approach. Part of this includes regular liaison with External Audit to ensure that our work can be relied upon as part of the financial accounts audit. At our quarterly meeting on 10th November 2010 where we discussed our 2011-12 Audit Planning procedures and key risks facing the Council, and current issues of 2010-11.

Regular meetings occur between key officers and the Assistant Director of Audit and Risk Management.

6. Changes to our plan

Since the Internal Audit Plan was approved the following audits have been cancelled, deferred or are additional to that approved and the Audit Committee is requested to note these:

Type	Audit Title	Reasons
Cancelled	Brunswick Park Community Hub	Both audits were cancelled due to the government funding relating to the projects being cancelled.
	Building Schools for the Future	
Deferred	One Barnet – PHR department	Deferred from quarter 2 to quarter 3 due to the project being transferred from the Planning Directorate to the Commercial Directorate.
	Business Continuity	Deferred from quarter 1 to quarter 4 at the request of the Director of Corporate Governance due to an internal review of controls taking place within the directorate.
	Electronic Document Record Management (EDRM)	Deferred from quarter 2 to quarter 3. The procurement of the project was approved in August which is due to end in late October. The scope of the review is to assess the project governance, hence cannot begin until the process has began.
	Highways restructure	The highways restructure audit was due to take place in quarter 1 however as the restructure is currently taking place and will not be complete until 2011-12 the audit has been deferred into the 2011-12 Audit Plan.
Additions	Stroke Grant	Request from the s 151 officer to provide independent review to grant monies.
	NI179	Initially required as part of the Use of Resources work required by the Audit Commissions guidance. Not included within the initial plan due to the timing of the guidance and issuance of the plan.
	CRB check end to end process	Due to the high risk of safeguarding issues for the Council, and some preliminary findings of a draft audit being completed, it was agreed that an end to end process for CRB checks was required for the Annual Governance Statement and additional assurance to the Audit Committee.

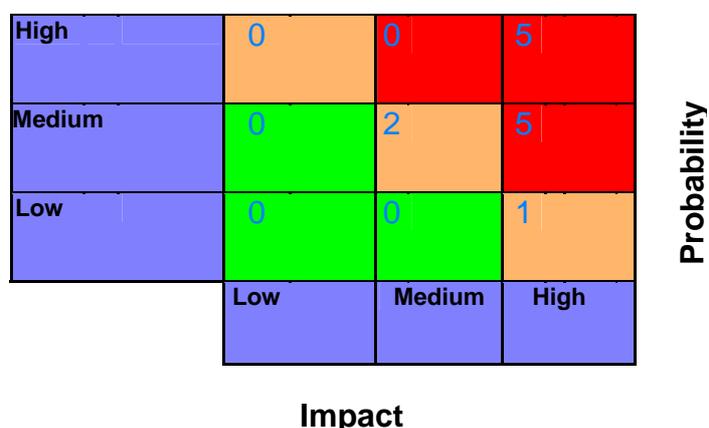
7. Risk Management

Following on from the internal audit, external audit and CIPFA benchmarking exercise a corporate risk management improvement plan has been developed. The summarised version of this is at Appendix E.

The Audit Committee's role is to provide independent assurance of the adequacy of the risk management framework and associated control environment.

The current risk management strategy requires revising and will be reviewed at the March Audit Committee.

It is good practice for the Audit Committee to have an understanding of the objectives, priorities and risks of the organisation. The following heat map shows the risk rating of the Council's current corporate risks.



This currently shows the 5 risks within the high probability and high impact ranges, these risks are as follows:

Risk No.	Risk Details
1	Development and infrastructure – Development within the Borough through the medium-term is planned to deliver 8,800 new homes and an increase in population of 20,000 by 2015. Risk – public service infrastructure within the borough is not able to expand to accommodate the increased requirements.
2	Primary school places – Demand for primary school places will increase through the medium-term and investment requirements totalling c£40m are currently unfunded. Risk – insufficient primary school places are available to meet statutory requirements.
3	Demographic Funding Pressures. Risk of needing an additional funding requirement of £6.3m by 2015 caused by increasing demand and contractual pressures on Adult Social Services from an increasing ageing population (13.8% growth in population aged over 65 by 2015 – ONC population projections) and increased numbers of young people with complex disabilities surviving into adulthood.

Risk No.	Risk Details
4	<p>Risk: new revenues and benefits systems will not be in place with effect April 2011 to collect taxes and administer benefits.</p> <p>Cause: Current supplier of Revs & Bens IT taken over by third party. Third party are de-supporting the existing system with effect from January 2011 forcing all current users to source new systems.</p> <p>Consequence: Go-live has been delayed on 2 occasions due to IT hosting and the required quality criteria for data conversions. Current go-live mid January 2011. Level of debt and benefit administered within the affected databases totals c£600m per annum.</p>
5	<p>Risk to be closed and transferred to directorate due to the risk impacting on the Council:</p> <p>An arbitration award has now been made in respect of the Catalyst claim. The total cost of the award to March 2010 was included in the 2009/10 accounts, funded from the risk reserve. The value of the award is not yet finalised, but a range of £5m to £6m is anticipated. The Council is seeking to enter into a re-negotiation of this contract led by the Deputy Chief Executive and Acting Director of Adult Social Services, to manage on-going financial and service delivery risks.</p>

The Council's 'live' risk management system, JCAD, logs all risks at a corporate, directorate and team level and monitored action against these risks. In addition, the risks are now included within the quarterly performance reports which are reported to the Cabinet Resources Committee (CRC).

Appendix A: 2010/11 work completed during quarter 2 including assurance levels

Audit Opinions on Completed Audits from 31 July to 31 October 2010

Systems Audits		Assurance
1	2009-10 VAT	Satisfactory
2	2009-10 Risk Management	Limited
3	Independent Provider Performance – BRSI	Limited
4	Data Quality – Children's Services	Satisfactory
5	Stoke Grant	Satisfactory
6	NI 179	Satisfactory

School Audits		Assurance
1	St Agnes	Satisfactory
2	Courtland	Satisfactory
3	Tudor	Satisfactory
4	Moss Hall	Satisfactory
5	Brooklyn Junior	Satisfactory

Appendix B: High level recommendations (priority 1)

This is a list of all priority 1 recommendations issued during 2010-11, management comments and agreed action dates, those not actioned within the agreed timescales are highlighted for the Committee.

Audit Name	Recommendation	Management Response	Responsibility	Implementation date
Open Revenues Implementation Project	<p><u>Data conversion</u></p> <p>Concerns and issues with the overall quality of conversion outputs should be resolved (e.g. through confirming Civica's contractual responsibility for this activity and improved matching of OpenRevenues data requirements to Pericles data).</p> <p>The data and the level of detail of data that needs to be reconciled between Pericles and OpenRevenues and the required percentage matching that needs to be achieved as part of conversion acceptance testing needs to be agreed.</p> <p>Conversion reconciliation exercises between agreed key OpenRevenues and Pericles data should be formally undertaken and signed off in line with above agreed criteria.</p>	<p><u>Agreed</u></p> <p>To mitigate conversion risks additional conversion extracts are planned for review.</p> <p>The Project Manager indicated that there was an expectation that the quality of the converted data would improve with subsequent conversions.</p> <p>Formal reconciliations between agreed Pericles and OpenRevenues data should be undertaken and signed off in line with the agreed tolerances for data matching.</p> <p><u>Additional information for Audit Committee</u> – following the high risk of this issue a separate review is being carried out by External Audit for management action which follows on from this review.</p>	<p>Project Manager: B. Cox</p> <p>Project Sponsor: D. Sharpe</p>	<p>1 August 2010 and ongoing until go-live</p>
Risk Management (2009/10)	<p>As part of the continuous migration of the risk information, Corporate Risk Management Team (CRMT) should remind all Service Performance Leads that:</p> <ul style="list-style-type: none"> - risks are transferred onto the RM System within an agreed timeframe; - recording of risks in the excel 	<p>All risks are now recorded within the Council's live risk management system, JCAD. All system generated reports showing the top three risks in each directorate are taken to the Risk Forum for scrutiny and challenge amongst risk champions. Recommendation has been implemented.</p>	<p>AD Finance, Audit & Risk Management</p>	<p>Implemented</p>

Audit Name	Recommendation	Management Response	Responsibility	Implementation date
	<p>spreadsheet format stops; and</p> <ul style="list-style-type: none"> - progress reported back to the Risk Management forums. <p>CRMT should ensure that the corporate risks are also recorded onto the system.</p>			
	<p>CRMT should:</p> <p>a) develop formal reporting arrangements with the Council's Officer responsible for LSPs and Service Performance Leads to seek assurance that there are effective arrangements;</p> <ul style="list-style-type: none"> - for managing partnership risks in the delivery of Council services and there is evidence to provide assurance about the management of risk; - within the Business Continuity arrangements, which is a specific risk management process designed to manage the risk that may interrupt or stop effective service delivery. <p>b) increase awareness through training that services need to develop their understanding of the common risks they share and work together to manage them. The complex interconnection between services e.g. children's service, NHS and adult services socials, means that services need to share and understand key cross</p>	<p>Partnership risks are managed as part of Directorates risk registers. Due to the LAA being announced as ended and Barnet being announced as a pilot for Community based budgets (formerly known as place based budgets) there will be some major changes to the LSP. More will be led by the One Barnet Programme and risk managed within that context. Business Continuity appears on every directorate risk register and indeed is part of the annual Internal Control Checklist (ICC).</p> <p>The Risk Forum has been used to share and challenge new and emerging risks and these meetings occur on a quarterly basis. Some of these have been implemented and the remainder will be implemented by March 2011.</p>	<p>AD Finance, Audit & Risk Management</p>	<p>March 2011</p>

Audit Name	Recommendation	Management Response	Responsibility	Implementation date
	cutting risks.			
	CRMT should ensure that data within the Web Based RM System should be used for all reporting purposes	The reporting cycle for risks has been joined up with performance reporting on a quarterly basis. This feeds into the Corporate Directors Group, Statutory Officers Group and Cabinet Resources Committee (CRC). It is also a part of the risk Forum to receive these reports quarterly and challenge the content. Reporting will continue to evolve through this process. All reports are run from the Council's 'live' risk management system JCAD. All actions have been implemented.	AD Finance, Audit & Risk Management	Implemented
NI 179	Officers responsible for calculating NI 179 should use actual income/expenditure data, where available i.e. cost centre reports.	The calculation of NI179 currently uses actual data.	AD Finance, Strategic	Implemented
Adults Social Services – Internal Control and Risk Management (2009/10)	Further work is required to ensure that the Internal Control Checklist completed by the directorate is a complete and accurate reflection of the risks and weaknesses identified during the year.	Further work to tighten up the current ICC to ensure that the consolidation reflects a true and comprehensive view of Adult Social Services. Each Department's return for the March 2010 report to CDG on ICC was scrutinised / interrogated with questions being asked of managers; further all returns were reviewed to ensure that they were fully complete and no blank fields remained (unless they were not applicable). The Department has started a process whereby ICC risks and associated actions are reviewed quarterly at Divisional Management Meetings (with the Head of Performance in attendance), as well as at the Departmental Senior Management Team meeting.	Business Improvement and Performance Officer and Business Continuity and Risk Officer	Implemented
Rosh Pinah School	Income The School should ensure that responsibilities for	Agreed	Acting	Implemented

Audit Name	Recommendation	Management Response	Responsibility	Implementation date
	the collection, recording and banking of all income received are adequately separated. Independent checks should be carried out to ensure that amounts banked agree to control records and this is adequately evidenced, in order to comply with the requirements.	The School will ensure that procedures over the income system are tightened. Independent check will be carried out to confirm amounts banked agree with relevant accounting records and there will be visible evidence of these checks.	Headteacher	
Claremont School	Income The School should ensure that: a) Source documentation is retained for all income received, in order for a clear audit trail to exist; b) Procedures are put in place to recover all outstanding payments due.	Agreed The School will ensure that audit trails are maintained for all income received and parents will be contacted in order to recover all outstanding dinner money due.	Headteacher	Implemented
St Mary's and St John's	Purchasing The School should ensure that: a) The officer(s) responsible for checking receipt of goods, sign and date the delivery note to indicate that the delivery was received complete etc. in accordance with section 4.1.1 of the LBB Financial Guide for Schools and standard D13 of the 'Keeping Your Balance' document; b) All purchase order forms are signed in accordance with the School's Authorised Signatories mandate; The purchase order control sheet should be monitored in order to identify and account for any unreturned orders.	Agreed Tighter procedures and controls will be introduced to ensure: a) Adequate visible evidence of checks being carried out over receipt of all goods and services. The officer(s) responsible will sign and date all delivery notes to show the delivery has been received complete or otherwise; b) Purchase order forms will only be signed by authorised members of staff; c) The purchase order control sheet will be monitored and any unreturned order forms will be chased.	Headteacher	Implemented
	Income The School should ensure that responsibilities for the collection, recording and banking of all	Agreed The School will ensure that procedures over the income system are tightened. Independent check	Headteacher	Implemented

Audit Name	Recommendation	Management Response	Responsibility	Implementation date
	income received are adequately separated. Independent checks should be carried out to ensure that amounts banked agree to control records and this is adequately evidenced, in order to comply with the requirements.	will be carried out to confirm amounts banked agree with relevant accounting records and there will be visible evidence of these checks.		
Menorah Primary School	The School should ensure that independent checks are carried out to ensure that amounts banked agree to control records and this is adequately evidenced.	Agreed The School will ensure that independent checks are carried out to confirm amounts banked agree with relevant accounting records. There will be visible evidence of these checks.	Headteacher	Implemented
Parkfield	Tighter procedures and controls will be introduced to ensure: a) Source documentation is retained for all income received, in order for a clear audit trail to exist; b) Responsibilities for the collection, recording and banking of all income received are adequately separated. Independent checks should be carried out to ensure that amounts banked agree to control records and this is adequately evidenced.	Agreed The School will ensure that audit trails are maintained for all income received and independent check will be carried out to confirm amounts banked agree with relevant accounting records. There will be visible evidence of these checks	Headteacher	Implemented
Holy Trinity	The School should ensure that: a) Source documentation is retained for all income received, in order for a clear audit trail to exist; b) Independent checks should be carried out to ensure that amounts banked agree to control records and this is adequately evidenced; c) Formal agreements for the independently run after-school clubs are drawn up, approved by the Governing Body and signed	Agreed The School will ensure that audit trails are maintained for all income received and independent check will be carried out to confirm amounts banked agree with relevant accounting records. There will be visible evidence of these checks. Furthermore, arrangements for the running of the after-school clubs will be formalised, ensuring that the organisers agree to abide by the terms and conditions set by the Governing Body for use of the premises etc. and confirmation of adequate insurance cover requested.	Head teacher	Implemented

Audit Name	Recommendation	Management Response	Responsibility	Implementation date
	<p>by both parties; d) A copy of the organisers current insurance liability cover is requested and held by the School, as visible evidence of adequate insurance cover.</p>			
Courtland	<p>The School should ensure that independent checks are carried out to confirm that amounts banked agree with control records and this is adequately evidenced.</p>	<p>Agreed The School will ensure that independent checks are carried out to confirm amounts banked agree with relevant accounting records. There will be visible evidence of these checks.</p>	Head teacher	Implemented

Appendix C: Work in progress

The following work is in progress that was due to begin during quarter 1 & 2

Work in progress quarters 1 & 2

Systems Audits	Status
1 Debit/Credit cards	Draft report
2 Environmental Health	Draft report
3 Independent Provider Performance – Special Educational Needs	Draft report
4 Project Governance	Draft report
5 Reviewing	Planning complete
6 Safer recruitment	Draft report Interim report issued
7 Special Educational Needs placements	Planning complete
8 Cash book control and reconciliation	Fieldwork complete
9 Equalities	Draft report
10 Fire Safety	Fieldwork
11 Grants Audits	Draft report
12 LG Pension Administration	Fieldwork complete
13 Residential Nursing Care	

School Audits	Status
1 Northside	Draft report
2 Holickwood	Draft report Fieldwork complete
3 All Saints N20	

Appendix D: Internal Audit Effectiveness Indicators as at 31 October 2010

Performance Indicator	Target Q2	Actual Oct 10
Effectiveness		
% of recommendations accepted	98%	100%
% of recommendations implemented	90%	89%
External Audit evaluation of Internal Audit	Reliance On IA	Quarter 4 assessed
Average client satisfaction score	90%	100%*
Efficiency		
% of Plan delivered	60%**	33%
% of available time spent on direct audit work	80%	Quarter 3
% of draft reports completed within 10 days of finishing fieldwork	90%	90%
Periodic reports on progress	Each Audit Committee	Achieved
Preparation of Annual Plan	By March	Quarter 4
Preparation of Annual Report	Prior to A.G.S.	Quarter 4
Staff Management		
Staff with professional qualifications	70%	80%
Staff development days	5 days	Quarter 4

* Only one survey had been returned from those surveyed

** Target amended to show 95% of quarterly spread of audits. Schools are to be delivered by Quarter 3 hence why the target is front loaded for delivery.

Appendix E: Risk Management Improvement Plan

2010 – Position NOW	2010 -11 Deliverables	2011-12 Deliverables	2012 Deliverables
<p>RM Strategy but no member lead</p> <p>Little integration of RM related activity – directorate risks, corporate risks, Internal Audit, External Audit, Business Continuity, projects, programmes, partnerships, IT, Information Governance, H&S, ICC,AGS etc</p> <p>Reporting of risk at executive and member level in detail rather than exceptions</p> <p>Corporate Risk Register developed and signed off by CDG</p> <p>Risk Forum established for exchange of ideas on all matters risk</p> <p>Risk software tool (JCAD) implemented across authority (with minimal functionality)</p> <p>Embedding of RM inconsistent across the authority</p> <p>Risks feature in quarterly performance reporting</p> <p>RM training carried out as required</p>	<p>Update RM Strategy and associated roles and responsibilities in line with ISO standard and current best practice</p> <p>Embed RM Reporting Cycle</p> <p>Develop approach to RM for projects, programmes and partnerships and provide support as required</p> <p>Role of Risk Champions and Risk Forum revised to provide more focused challenge on corporate risk register and embedding of RM</p> <p>Risks reported on an exception basis at CRC, Cabinet and Audit Committee</p> <p>Carry out health checks/Internal Control checklists in each of the directorates as a focal point for actions required to further embed RM</p> <p>Enhanced use of JCAD rolled out across the authority</p> <p>Update and deliver risk training and awareness sessions and issue periodic newsletters</p> <p>Update Intranet site on RM</p> <p>Develop Managers RM Briefing pack</p>	<p>Continue to improve annual reports presented to Audit Committee on RM</p> <p>Quarterly compliance reviews on RM</p> <p>Review use of risk tools that establish risk maturity of directorates and Council</p> <p>RM fully embedded within each directorate and the corporate decision making process</p> <p>All risk registers linked to strategic objectives and priorities</p> <p>All projects, programmes and partnerships fully embed corporate RM strategy into their processes</p> <p>Development and use of Key Risk Indicators</p> <p>Ongoing integration of RM disciplines into a cohesive and joined up corporate governance framework</p>	<p>Risk appetite considered at planning stages of all new initiatives, projects, programmes and partnerships – and used to drive the associated decision making</p> <p>Risk management seen as an enabler by staff, management and members</p> <p>Risk appetite drives all risk and audit activity</p> <p>Corporate Risk Register informs Business Continuity Plan, audit strategies and plans</p> <p>Complete integration of RM disciplines into a cohesive and joined up corporate governance framework</p>

*Basic Risk Management
– mainly reactive*



*Leading Best Practice
in the Public Sector
– fully proactive*