
Meeting	Audit Committee
Date	24 October 2013
Subject	Internal Audit and Risk Management Quarter 2 2013-14 update and exceptions report
Report of Summary	Head of Internal Audit and Anti-Fraud Members are asked to note the progress against internal audit recommendations and work completed to date on the Internal Audit Annual Plan 2013-14 & high priority recommendations.

Officer Contributors	Caroline Glitre, Head of Internal Audit & Anti-Fraud
Status (public or exempt)	Public
Wards Affected	None
Key Decision	No
Reason for urgency / exemption from call-in	Not applicable
Function of	Council
Enclosures	Appendix A: Internal Audit Progress Report (up to 30th September 2013) Appendix B: Work completed to date to September 2013 Appendix C: Work in progress to September 2013 Appendix D: Internal Audit Effectiveness Indicators Appendix E: Internal Audit Recommendations quarter 2 (end of September)
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1. RECOMMENDATIONS

- 1.1 That the Committee note the progress against the Internal Audit Plan for 2013-14 to 30th September 2013 and the actions being taken to address some cases of non-implementation of high priority recommendations.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 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.
- 2.2 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.
- 2.3 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.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 All internal audit and risk management planned activity is aligned with the Council's objectives set out in the Corporate Plan 2013-2016, 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 to ensure compliance with the Council's duties under the 2010 Equality Act.

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

6.1 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.

7. LEGAL ISSUES

7.1 None in the context of this report.

8. CONSTITUTIONAL POWERS (Relevant section from the Constitution, Key/Non-Key Decision)

8.1 The Council's Constitution under Responsibility for Functions – The Audit Committee's terms of reference includes "to consider the annual audit opinion".

8.2 The Constitution Part 3 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.

9. BACKGROUND INFORMATION

9.1 The Internal Audit service has, during quarter 2, continued delivery of work in accordance with its plan endorsed by the Audit Committee in April 2013. Over the current period the service has issued 18 reports, 2 of which received a limited assurance rating:

- Planning Performance Management
- Orion School

9.2 The report is on an exception basis, with detail on the 2 limited assurance reports. A summary of the other reports and work in progress is also included within the report.

9.3 The report covers the final follow-up review of the Regeneration service, which received a 'No Assurance' rating in November 2012. The priority 1 recommendations made in November 2012 are all now assessed as having been implemented.

9.5 Overall the number of audit recommendations implemented within the quarter has deteriorated from 85% in quarter 1 to 67% in quarter 2. Representatives from the services involved will attend the Audit Committee to provide an updated position on implementation of the recommendations.

9.6 The new Risk Management Framework (policy and procedure) was submitted to Audit Committee on 24 July 2013. The Council's Risk Management Policy is to proactively identify, understand and manage both positive and negative risks inherent in the delivery of its services and associated with its plans and strategies, so as to encourage responsible, informed risk taking. The development of the SCB risk register for Quarter 2 is underway and will be

presented as part of Q2 performance at CRC on 16 December 2013. An update will be brought to the Audit Committee on 28 January.

- 9.7 The final performance report for Quarter 1 can be found via the link below and includes the Q1 corporate risk register:

<http://barnet.moderngov.co.uk/documents/s10619/Annex%20A%20-%20Report%20to%20Cabinet%20Resources%20Committee%2024%20September%202013.pdf>

10. LIST OF BACKGROUND PAPERS

- 10.1 None.

Cleared by Finance (Officer's initials)	JH
Cleared by Legal (Officer's initials)	N/A