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| Meeting | Audit Committee |
| Date | 28 January 2014 |
| Subject | Internal Audit and Risk Management Quarter 3 2013-14 update and exceptions report |
| Report of Summary | Head of Internal Audit 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. |

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| Officer Contributors | Caroline Glitre, Head of Internal Audit |
| 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 31 st December 2013) Appendix B: Work completed to date to 31 st December 2013 Appendix C: Work in progress to 31 st December 2013 Appendix D: Internal Audit Effectiveness Indicators Appendix E: Internal Audit Recommendations quarter 3 |
| Contact for Further Information: | Caroline Glitre, caroline.glitre@barnet.gov.uk , 020 8359 3721 |

1. RECOMMENDATIONS

- 1.1 That the Committee note the progress against internal audit recommendations and work completed to date on the Internal Audit Annual Plan 2013-14 and 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 This report covers the period from 1st October 2013 to 31st December 2013 and represents an up to date picture of the work in progress to that date. The Internal Audit service has over this period issued 18 reports and completed the in accordance with the 2013-14 Internal Audit Plan. The full list of completed audits during this period is included within Appendix B.
- 9.2 The majority of reports issued in the current period were given 'Satisfactory' assurance, with 3 reports given 'Limited' assurance and 1 report given 'No' assurance. The summary detail of those reports issued as 'No' or 'Limited' assurance is included within Appendix A, section 3.
- 9.3 The report also summaries the follow-up of previous priority one recommendations due this quarter. These relate to Asset Management (Rent Review), Records Management (Children's Service) and Planning. We are able to report that these are all now assessed as having been implemented. The summary detail is included within Appendix E.
- 9.4 Overall the number of audit recommendations implemented within the quarter has significantly improved from 85% in quarter 1 and 67% in quarter 2 to 100% in quarter 3.
- 9.5 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.

9.6 The final performance report for Quarter 2 can be found via the link below and includes the Q2 corporate risk register:
<http://barnet.moderngov.co.uk/documents/g7461/Public%20reports%20pack%2016th-Dec-013%2019.00%20Cabinet%20Resources%20Committee.pdf?T=10>

10. LIST OF BACKGROUND PAPERS

10.1 None.

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