

	<p>Audit Committee 29th January 2015</p>
<p>Title</p>	<p>Internal Audit Exception Recommendations Report and Progress Report up to 31st December 2014</p>
<p>Report of</p>	<p>Caroline Glitre – Head of Internal Audit</p>
<p>Wards</p>	<p>N/A</p>
<p>Status</p>	<p>Public</p>
<p>Enclosures</p>	<p>Appendix A: Internal Audit progress report (up to 31st December 2014) Appendix B: Work completed in Q3 to 31st December 2014 Appendix C: Work in progress at 31st December 2014 Appendix D: Internal Audit Effectiveness Indicators Appendix E: Internal Audit Recommendations due quarter 3 (end of December)</p>
<p>Officer Contact Details</p>	<p>Caroline Glitre, Head of Internal Audit caroline.glitre@barnet.gov.uk 020 8359 3721</p>

<p>Summary</p>
<p>Members are asked to note the progress against internal audit recommendations and work completed to date on the Internal Audit Annual Plan 2014-15 and high priority recommendations.</p> <p>The Internal Audit Service has continued delivery of work in accordance with its plan reported to the Audit Committee in April 2014. Over the current period since the Committee last met in November 2014 the service has issued 33 reports with the following assurance ratings:</p>

Substantial	1
Satisfactory	18
Limited	5
No	0
N/A	9
Total	33

Detail has been presented in Appendix A on the 5 reports issued as 'Limited' assurance:

1	Income and Debt Management
2	Accounts Payable
3	General Ledger
4	Housing Benefit
5	NNDR

Across the Key Financial Systems audits, we found that reconciliations, a key control, had not been operating as expected. We have therefore undertaken some early follow-up work in January 2015 to provide the Audit Committee with assurance that the issues identified are being addressed and that progress has been made in implementing the recommendations. A summary of progress to date is as follows:

Treasury Management	Implemented
Payroll	Partly Implemented
Income & Debt Management	Partly Implemented
Accounts Payable	Partly Implemented
General Ledger control accounts	Partly Implemented
Council Tax / National Non-Domestic Rates (NNDR)	Partly Implemented

We will follow-up these recommendations again as part of our normal quarterly process i.e. at the end of Quarter 4.

Full copies of the Limited Assurance audit reports are available on the Barnet website here:

<http://barnet.moderngov.co.uk/ecCatDisplay.aspx?sch=doc&cat=13619&path=0>

73% of the recommendations that were due to have been implemented by the end of December have been fully implemented. A summary of those recommendations which were due in Quarter 3 has been included for the Audit Committee to review (Appendix E).

Recommendations

That the Committee note the progress against internal audit recommendations and work completed to date on the Internal Audit Annual Plan 2014-15 & 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 2014-15 Internal Audit Plan and the high priority recommendations made. In addition, the Audit Committee can inquire with Directors and Assistants Directors as to their progress against recommendations.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The Audit Committee approved the workplan 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 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 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.

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 work plan 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 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.

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>

REPORT CLEARANCE CHECKLIST

(Removed prior to publication and retained by Governance Service)

Report authors should engage with their Governance Champion early in the report writing process and record the date below. If the decision/report has been reviewed at an internal board please record the date and name of the meeting (e.g. SCB). Otherwise enter N/A. All reports must be cleared by the appropriate Director/AD, Legal, Finance and Governance as a minimum. **Legal, Finance and Governance require a minimum of 5 working days to provide report clearance. Clearance cannot be guaranteed for reports submitted outside of this time.**

AUTHOR TO COMPLETE TABLE BELOW:

Who	Clearance Date	Name
Governance Champion	N/A	
Director / AD / Lead Commissioner	20/1/15	Clair Green
Enabling Board / Delivery Board	N/A	
Commissioning and Policy	N/A	
Equalities & Diversity	N/A	
HR Business Partner	N/A	
Strategic Procurement	N/A	
HB Public Law	N/A	
Finance	21/1/15 (verbal)	John Hooton
Governance	20/1/15	Andrew Charlwood