

	<h2 style="text-align: center;">Audit Committee</h2> <h3 style="text-align: center;">20th April 2017</h3>
<p style="text-align: right;">Title</p>	<p>Internal Audit Exception Recommendations Report and Q4 Progress Report 1st January to 31st March 2017</p>
<p style="text-align: right;">Report of</p>	<p>Caroline Glitre – Head of Internal Audit</p>
<p style="text-align: right;">Wards</p>	<p>N/A</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Enclosures</p>	<p>Appendix 1 - Internal Audit Q4 progress report (1st January to 31st March 2017) Appendix 2 – LBB Response to the internal audit report Health and Safety – Estates Appendix 3 - updated Internal Audit Charter</p>
<p style="text-align: right;">Officer Contact Details</p>	<p>Caroline Glitre, Head of Internal Audit caroline.glitre@barnet.gov.uk 020 8359 3721</p>

Summary

Members are asked to note the progress against internal audit recommendations and work completed to date on the Internal Audit & Corporate Anti-Fraud Team (CAFT) Plan 2016-17 and high priority internal audit recommendations.

Detail has been presented within the report on audits that were given 'No' or 'Limited' assurance or management letters that included high priority recommendations:

		Assurance rating
1	Highways Programme	Limited
2	Estates Health & Safety	Limited
3	Dollis Junior School	Limited

Full copies of 'No' and 'Limited' Assurance audit reports are available on the Barnet website here:

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

Management have provided a response to the internal audit report on Health and Safety – Estates which can be found at Appendix 2 which includes an update on the implementation of agreed actions. To note that this has not been verified by audit. As planned Internal Audit will follow this up in Q1 of 2017/18 as part of next year's audit plan and report back to Audit Committee.

An update to the Internal Audit Charter is also presented as an Appendix 3. The Charter was first approved in July 2013, and revised in April 2015 and July 2016, this is the third revision.

The reason for this revision is that for 2017/18 internal audit will align its reporting framework and associated scoring framework for **schools audits** with the methodology applied for non-schools audits and across the Cross Council Assurance Service (CCAS) of which Barnet is a member. This is part of on-going process of alignment and methodology improvements that have been facilitated through the framework.

Key points as follows:

- A systematic point's based scoring system will be used to determine aggregate assurance ratings for individual schools audits. Findings from each review will be assessed and a score applied based on the risk rating. The total number of points per the audit will determine the assurance rating.
- Reports that are "Limited assurance" and "No assurance" will be reported to Audit Committee in line with current arrangements.
- The revised system will assist in ensuring consistency in the application of overall assurance ratings for work performed.
- The report classification is determined by allocating points to each of the findings included in the report.
- Note terminology change from "Satisfactory" to "Reasonable"

The Charter has also been updated to reflect changes to the Public Sector Internal Audit Standards (PSIAs) in 2016. The PSIAs now define the Mission and Core Objectives of Internal Audit.

Recommendations

- 1. That the Committee note the work completed to date on Internal Audit Q4 progress report - 1st January to 31st March 2017.**
- 2. That the Committee note the LBB Response to the internal audit report Health and Safety – Estates.**
- 3. That the Committee approves the updated Internal Audit Charter.**

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 2016-17 Internal Audit Plan and the high priority recommendations made. In addition, the Audit Committee can inquire of Directors and Assistants Directors as to their progress against recommendations.
- 1.2 The Audit Committee's role in receiving the updated Internal Audit Charter is to approve the Charter in line with the requirements of the Public Sector Internal Audit Standards.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The Audit Committee approved the Internal Audit Plan 2016-17 in April 2016 and this report notes the progress against that plan and progress against high priority recommendations.
- 2.2 Compliance with the Public Sector Internal Audit Standards.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Not relevant.

4. POST DECISION IMPLEMENTATION

- 4.1 The Internal Audit Plan 2016-17 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 2015-2020, 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 internal audit findings are analysed alongside finance and performance information it can provide management with the ability to assess value for money.
- 5.2.2 The Internal Audit Plan 2016-17 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, 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 11) - 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%208.pdf>

6.2 Audit Committee 21 September 2010 (Decision Item 7) – 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%203.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%204.pdf>

- 6.4 The Internal Audit Charter was first approved in July 2013 and updated in April 2015 and July 2016. This is the third revision.

<http://barnet.moderngov.co.uk/documents/g6596/Printed%20minutes%2024th-Jul-2013%2019.00%20Audit%20Committee.pdf?T=1>

<http://barnet.moderngov.co.uk/documents/s22893/Internal%20Audit%20CAFT%20and%20Risk%20Management%20Plan%202015-16%20and%20Internal%20Audit%20Charter%20update.pdf>

<http://barnet.moderngov.co.uk/documents/s33716/Internal%20Audit%20Exception%20Recommendations%20Report%20and%20Progress%20Report%20up%20to%2030%20June%202016.pdf>

- 6.5 Audit Committee 19 April 2016 (Decision Item 9) – the Audit committee approved the Internal Audit and Anti-Fraud Strategy and Annual Plan 2016-17

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=144&MId=8416&Ver=4>