

# Internal Audit – London Borough of Barnet



## ***Internal Audit Progress Report*** ***1 April – 30 June 2017***



*Cross Council Assurance Service*

## **1.0 Summary**

### **1.1 Purpose of this report**

1.1.1 We are committed to keeping the Audit Committee up to date with Internal Audit progress and activity throughout the year. This summary has been prepared to update you on our activity since the last meeting of the Audit Committee and to bring to your attention any other matters that are relevant to your responsibilities.

### **1.2 Progress against the 2017/18 internal audit plan**

1.2.1 We have completed 18 audits, [20%] of our 2017/18 internal audit programme for the year, which is below the target for the agreed profile for our work. Please see Appendix A for further narrative on our performance indicators. In line with our reporting protocol with the Audit Committee we present any no assurance or limited assurance reports for discussion. For this Audit Committee, we present the following final reports:

- Community Infrastructure Levy (CIL) and Section 106 (S106) – Phase I, Income – Limited Assurance
- Nursery Places – Free Early Education Funding – Limited Assurance

### **1.3 Findings of our Follow Up Work**

1.3.1 We have undertaken follow up work on all high priority actions with an implementation date of 30<sup>th</sup> June 2017 or sooner. We have discussed with management the progress made in implementing actions falling due in this period and have sought evidence to support their response.

1.3.2 A total of 14 actions have been followed up this quarter. 7 actions have been implemented (50%) and 7 have been partially implemented (50%). Progress is summarised in Section 4.

### **1.4 Other Matters**

1.4.1 As part of our regular reporting to you, we plan to keep you up to date with the emerging information relevant to local government risk, governance and control. We have included a summary of publications which may be of interest at Appendix A.

1.4.2 In Q1 we planned to undertake audits of Council Support for Children's Safeguarding, Safeguarding – Health Visitors and School Nurses and Domestic Violence. Due to the Council having been inspected by Ofsted during the quarter, these have provisionally been moved to later in the year. We planned to undertake an audit of the Fixed Asset Register - Corporate Landlord. Due to the Estates Transformation Programme this has been moved to Q3. We planned to undertake an audit of Health & Safety – Project Management. Due to the Estates Health & Safety follow-up work in Q1 and a member of the Internal Audit team being temporarily seconded into the Electoral Registration team this has moved to Q3.

### **1.5 Recommendations**

- That the Audit Committee notes the progress made against our 2017/18 Internal Audit Programme.

## 2.0 No and Limited Assurance reports issued since the previous meeting

### Community Infrastructure Levy (CIL) and Section 106 (S106) – Phase I, Income – Limited Assurance

#### Number of findings by risk rating

<b>Critical</b>	<b>0</b>
<b>High</b>	<b>1 (Finding 1)</b>
<b>Medium</b>	<b>4 (Findings 2-5)</b>
<b>Low</b>	<b>1</b>
<b>Advisory</b>	<b>1</b>

#### Summary

The objective of this audit was to review the design and operational effectiveness of key controls associated with the administration of the Council's CIL scheme and S106 agreements. This phase (Phase I) considered the processing of CIL charges, monitoring of income and income projection. Phase II will be performed in Q2 of 2017/18 and will focus on expenditure, benefits monitoring and governance.

Our high risk finding was:

**CIL calculation accuracy (Finding 1, high)** - There is currently no formal proactive management review or oversight of the performance of calculations to confirm the accuracy of CIL calculations and no proactive review or approval of the application of discounts and reliefs to confirm that these have been applied appropriately and in line with the scheme or relevant legislation. The Council received £9.6m of CIL income in 2016/17 and £4.5m of reliefs and discounts were offered in the period. CIL represents a significant income stream for the Council and individual charges can be high in value. The manual nature of certain calculations and the potential incentive to commit fraud due to transaction values mean that it is important to have management oversight and segregation of duties embedded into the calculation process and issuing of reliefs/discounts to mitigate discrepancies due to fraud or error

Our medium risk findings were:

- **Internal procedure documents (finding 2, medium)** – There are a number of teams across the Council, Re and CSG that are involved in processing CIL and S106 liabilities. There are no procedure documents in place to clearly define respective responsibilities of Officers/Teams involved in the process;
- **CIL and S106 schedules (finding 3, medium)** – CIL and S106 schedules are currently maintained within Excel spreadsheets to assist in the management of charges and agreements. Data integrity issues were identified where there appeared to be a duplicate trigger point status, legacy schemes which had not been deleted and duplicate schemes where planning applications had been superseded. The spreadsheets require a considerable amount of manual input to maintain and keep up to date. The manual nature of the process heightens the risk of data accuracy issues arising due to fraud or error;
- **CIL charge identification (finding 4, medium)** – Planning officers assert that a review occurs of the CIL form submitted by the planning applicant which is subsequently used to identify CIL eligible

schemes and inform the CIL charge calculations to ensure that the details set out are correct and consistent with the planning application. This control is not formally mapped into planning team procedures and it is not clear what is performed as part of these checks. We found two instances where Planning Officers had not marked eligible applications as 'CIL liable' in the Uniform system and therefore a CIL charge was not created. There are no mitigating controls in place to identify schemes that were not identified by planning officers as potentially being CIL liable and marked within the system due to manual error;

- **Payments to Transport for London (TfL) (finding 5, medium)** – We found that payments made to TfL regarding Mayoral CIL had not been made on-time, potentially leading to the Council being liable to a 5% charge on the Mayor CIL amount due. In Q4, 2015/16, this would have represented 5% of £1.5m.

**Management accepted our findings and agreed appropriate actions to be implemented by 30 June 2017. We have confirmed implementation of the actions to address the high risk finding – see section 4.4, Completed Actions.**

#### Nursery Places – Free Early Education Funding – Limited Assurance

##### Number of findings by risk rating

<b>Critical</b>	-
<b>High</b>	<b>1 (Finding 1)</b>
<b>Medium</b>	<b>3 (Findings 2-4)</b>
<b>Low</b>	2
<b>Advisory</b>	1

##### Summary

This joint review between Internal Audit and CAFT focused on the core controls in place for processing Free Early Education (FEE) funding, with a particular focus on ensuring eligibility of payments made to providers on behalf of children and ensuring the monies awarded are appropriate and adhere to guidance. This review also focussed on the susceptibility of the scheme to fraud by providers, notably private, voluntary or independent nurseries where, due to their size, there is less separation of duties and there is an increased risk that the individual responsible for submitting FEE claims would benefit from making erroneous or false claims. As part of our review we undertook our own spot check audits on two providers.

Our high risk finding was:

**Early Years' Team Audits on providers (Finding 1, high).** We found the following issues:

- **Frequency of Early Years Team Audits:** Early Years Team Audits on Private, Voluntary and Independent (PVI) providers - which were developed as a result of historic cases of fraud against the Council - had not been completed on a regular basis, with none performed in 2016 and only two completed so far in 2017 (both were completed in February);
- **Referrals to CAFT:** An Early Years Team Audit performed in 2017 found that the provider had claimed for three children in spring 2017 but they had in fact not attended the nursery during that term. CAFT consider that as a result of this Early Years Team Audit a referral should have been made to

them to make an assessment as to whether the claim could have been fraudulent;

- **Distribution of Early Years' Team Audit Reports to Family Services Finance Team:** The Early Years Team Audit placed an action on the Provider to submit an adjustment form to Family Services Finance Team for the three children. We found no evidence to confirm this was completed but the Early Years Team did subsequently notify the Finance Team and an adjustment was made. We consider that the Finance Team should be automatically included in distribution lists detailing the outcomes of Early Years Team Audits to ensure that adjustments are made as early as possible and prevent overpayments to providers;
- **Actions resulting from the Early Years Team Audit process:** At the time of our audit we could not find evidence that actions recommended as a result of an Early Years Team Audit performed on 10 February 2017 had been completed or resolved by the Early Years Team; and
- **Completeness of Early Years Team Audit findings:** Internal Audit and CAFT revisited one provider who was spot checked in 2017. We found that another child claimed for had not attended the nursery in spring 2017. Whilst this child was not included in the final Early Years Team Audit report we did find evidence that the error had been identified by the officer completing the audit but had been omitted from the final report and therefore not rectified.

Our medium risk findings were:

**Interim and Final Payments (finding two, medium):**

- **80% interim payment:** We found that for the spring term of 2017 £71,013 was over paid as a result of the interim payment being higher than the actual amount due to providers. We were informed that the 80% interim payment was a higher percentage than that awarded by other Local Authorities.
- **Headcount Claim issues:** 'Headcount week' – where providers insert the actual children attending that nursery for a term - is the third Thursday of every term. Thereafter – for a significant proportion of the term - adjustment forms should be submitted by providers to the Family Services Finance Team. We found this places emphasis on the providers to return information regarding child non-attendance and increases the risk that monies will be awarded to providers where children have left the nursery or have not attended the nursery for the maximum number of weeks. Management confirmed their intention is to allow for a rolling headcount which allows more time for providers to insert actuals and input changes to attendance and allows the process to be more proactive than is currently allowed through the adjustment form process.

**Updating of FEE guidance for providers (finding three, medium):** We found that the '*Barnet Handbook for Free Early Education and Childcare for two, three and four years olds*' required updating to show current contacts at the Council and to include revised processes. We found instances where providers were unaware

of their expectations regarding FEE and considered there was scope to better engage with providers.

**Single point of failure (finding four, medium):** We found instances where tasks were not occurring in line with expectations as a result of a single officer not being available and no cover arrangements being in place.

**Management accepted our findings and agreed appropriate actions to be implemented by 30 September 2017.**

### 3.0 Progress against plan

Stage	Name of review	Report classification	Total findings	Ratings				
				Critical	High	Medium	Low	Advisory
Quarter 1								
Completed	Community Infrastructure Levy (CIL) and Section 106 (S106) – Phase I, Income	Limited	7	-	1	4	1	1
Completed	Nursery Places – Free Early Education Funding	Limited	7	-	1	4	1	1
Completed	Contract Register Maintenance	Reasonable	5	-	1	2	1	1
Completed	Non-Schools Payroll	Reasonable	5	-	-	5	-	-
Completed	Pensions Administration	Reasonable	4	-	-	3	1	-
Completed	Water Safety	Reasonable	3	-	-	3	-	-
Completed	Commercial Waste – achieving income target (Joint with CAFT)	Reasonable	5	-	-	5	-	-

Completed	Livingstone School	Reasonable	5	-	-	2	3	-
Completed	St. John's N11 School	Reasonable	7	-	-	2	5	-
Completed	Brunswick Park School	Reasonable	7	-	-	2	5	-
Completed	Hollickwood	Reasonable	5	-	-	3	2	-
Completed	Northway	Reasonable	4	-	-	3	1	-
Completed	Safeguarding – Family Services	Substantial	1	-	-	1	-	-
Completed	Beis Yaakov School	Substantial	3	-	-	1	2	-
Completed	Mapledown School	Substantial	3	-	-	1	2	-
Completed	Troubled Families - Payment by Results Q1	N/A	-	-	-	-	-	-
Completed	Estates / Health & Safety compliance & Subcontractor ordering follow-up	N/A	-	-	-	-	-	-
Draft Report	Prevent	N/A	-	-	-	-	-	-
Fieldwork	SWIFT to Mosaic Data Migration	TBC	-	-	-	-	-	-
Fieldwork	IT Change Management follow-up	TBC	-	-	-	-	-	-
Fieldwork	Purchase Cards follow-up	TBC	-	-	-	-	-	-
Fieldwork	Re Operational Review – Planning (Joint with CAFT)	TBC	-	-	-	-	-	-
Fieldwork	IT Risk Diagnostic	TBC	-	-	-	-	-	-
Fieldwork	Performance Management Framework (Advisory)	TBC	-	-	-	-	-	-
Fieldwork	Commercial – Contract Management Toolkit (Advisory)	TBC	-	-	-	-	-	-
Planning	Emergency Planning	TBC	-	-	-	-	-	-
Planning	Transformation - Benefits Realisation	TBC	-	-	-	-	-	-

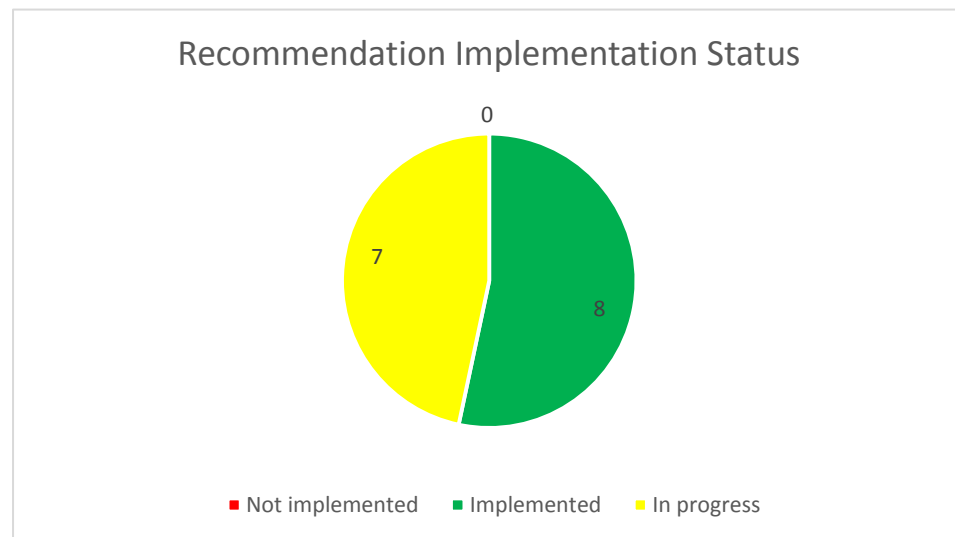
Planning	Project & Programme Management toolkits	TBC	-	-	-	-	-	-
Planning	Better Care Fund - development of protocol for joint Internal Audits with the Clinical Commissioning Group	TBC	-	-	-	-	-	-
Planning	Investing in IT – Lessons Learnt (Advisory)	TBC	-	-	-	-	-	-
Planning	Contract Management – The Fremantle Trust	TBC	-	-	-	-	-	-
Planning	HR Core efficiency review	TBC	-	-	-	-	-	-
Planning	Eligibility to Work - Pre-Employment Checks (Joint with CAFT)	TBC	-	-	-	-	-	-
Deferred to later in year	Council Support for Children’s Safeguarding	TBC	-	-	-	-	-	-
Deferred to later in year	Safeguarding – Health Visitors and School Nurses	TBC	-	-	-	-	-	-
Deferred to later in year	Domestic Violence	TBC	-	-	-	-	-	-
Deferred to Q3	Fixed Asset Register - Corporate Landlord	TBC	-	-	-	-	-	-
Deferred to Q3	Health & Safety – Project Management	TBC	-	-	-	-	-	-



## 4.0 Follow Up

### 4.1 Summary

4.1.1 The wheel below demonstrates how many high priority actions due this period have been implemented, are in progress or are not implemented.



### 4.2 Estates Health & Safety follow-up

The London Borough of Barnet (the "Council") owns or maintains approximately 800 properties that make up the Council's corporate estate. The Council is the duty holder for these properties and has a statutory responsibility to address health and safety risks to reduce the risk of harm to a satisfactory level. There are six main health and safety risk areas: Asbestos, Legionella, Fire, Gas, Electrical and lift safety.

The Council should have an adequate framework in place to assess and identify relevant health and safety risks and then take reasonable action to address issues of non-compliance and potential risk. Operational responsibility for performing certain health and safety related activities has been outsourced to CSG as part of the broader agreement the Council has with Capita. The Council, as duty holder, is still ultimately responsible for health and safety risks associated with the corporate estate.

A full audit review was undertaken in 2016/17 and identified a number of areas for further improvement, mainly in relation to remedial work and governance. As a result of these control deficiencies "limited assurance" was awarded.

The objective of this review was to check that the agreed actions in the audit report have been implemented. Management provided an update on progress against agreed actions at the April 2017 Audit Committee meeting. Progress highlighted in this report to committee has been verified as part of this review.

Status	Description	High Priority	Medium Priority	Low Priority	Total
Implemented	Evidence provided to demonstrate that the action is complete	3 / 5	11 / 12	-	13 / 18
Partially Implemented	Evidence provided to show that progress has been made but the action is not yet complete	2 / 5	1 / 12	1 / 1	5 / 18
Not Implemented	No evidence seen of the action being progressed or completed	-	-	-	-

The status against the High Priority recommendations is summarised in sections 4.3 and 4.4 below.

### 4.3 Outstanding actions

4.3.1 Outstanding high priority actions are summarised below:

Name of report	Agreed Action	Status (Not Implemented / In Progress)	Owner	Due Date
Highways Programme (March 2017)	<p><b>Performance Management – Conway Aecom</b></p> <p>The current suite of KPIs in place will be reviewed. As part of this exercise obsolete indicators will be removed and the KPIs set out in the framework agreement will be reviewed to determine what potential indicators would add value to the current performance management framework.</p> <p>These indicators will be added to those measured and reported by the contractor on a monthly basis as appropriate.</p>	<p><b>In Progress</b></p> <p>Note: The Council calls off The London Highways Alliance Contract (LoHAC) for highways services.</p> <p>TFL are undergoing a review of the Performance measures for the LoHAC contract. We are in close communication with TFL and have received their first draft.</p> <p>The existing and the draft performance measures will be taken into consideration through the FSR to incorporate a more robust measure of performance. The final draft is expected to be concluded by October 2017. We will apply those measures at that time even if TFL and LoHAC have not fully finalised their review process. If that is the case, we will then revisit if necessary once they have reached their final position.</p>	<p><b>Interim Lead Strategic Commissioner - Highways and Transport;</b></p> <p><b>Associate Director- Highways, Re</b></p>	<p><b>Original: 30 June 2017</b></p> <p><b>Revised: 31 October 2017</b></p>

<p><b>Highways Programme (March 2017)</b></p>	<p><b>Performance Management – Conway Aecom</b></p> <p>The Council and Re will discuss the alignment of performance targets between the LoHAC contract and those in place to monitor Re's performance where applicable. This will be considered as part of the contract KPI review highlighted in action (a) as well as the 4 year review of the overarching Re contract which will consider the suite of KPIs that are in place to assess Re's performance.</p>	<p><b>In Progress</b></p> <p>As above</p>	<p><b>Commercial Performance and Development Manager;</b></p> <p><b>Interim Lead Strategic Commissioner - Highways and Transport;</b></p> <p><b>Associate Director-Highways, Re</b></p>	<p><b>Original: 30 June 2017</b></p> <p><b>Revised: 31 October 2017</b></p>
<p><b>Estates Health &amp; Safety Compliance - (February 2017)</b></p>	<p><b>Performance Reporting</b></p> <p>We will continue to progress with SPIR 3 to ensure the contractual position between CSG and the Council in relation to responsibilities for all of the non-civic estate is agreed. We will submit a change request to alter the contract once the entire suite of KPI's has been reviewed in March 2017.</p>	<p><b>In Progress</b></p> <p>We have reviewed the draft report which evidences progress with contract variation to ensure the contractual position between CSG and the Council is up to date, with clearly defined roles and responsibilities as well as including KPIs to assess operational health and safety compliance performance.</p> <p>The draft has been agreed between the two parties verbally but has not gone through formal authorisation between respective commercial teams to date. A target date of 31st August 2017 has been set for the contract to be agreed and finalised between both parties.</p>	<p><b>Director of Estates, CSG</b></p> <p><b>Head of Estates, LBB</b></p>	<p><b>Original: 28 April 2017</b></p> <p><b>Revised: 31 August 2017</b></p>
<p><b>Estates Health &amp; Safety Compliance - (February 2017)</b></p>	<p><b>Performance Reporting</b></p> <p>We will put mechanisms in place to provide Council management with assurance that CSG are fulfilling their responsibilities. This may include employing a client-side Compliance Officer or making use of CSG's compliance arrangements.</p>	<p><b>In Progress</b></p> <p>Evidence of how the Council are obtaining assurance that CSG are fulfilling their responsibilities was demonstrated through a draft report for May. This report supports the compliance data.</p> <p>The CSG compliance team undertakes assurance activity on a monthly basis to determine whether operational responsibilities with regards to health and safety compliance have been fulfilled.</p>	<p><b>Director of Estates, CSG</b></p> <p><b>Head of Estates, LBB</b></p>	<p><b>Original: 28 April 2017</b></p> <p><b>Revised: 31 August 2017</b></p>

		<p>The methodology that the CSG compliance team will adopt has been set out in a terms of reference (ToR) that has been shared with the Council. The CSG compliance team plans to report back to the Council on a monthly basis setting out the results of assurance activity.</p> <p>We reviewed the ToR that is in place to support the activity undertaken by the CSG compliance team. The monthly testing activity that is planned under this regime had not been fully undertaken at the date of testing (May 2017).</p>		
<p><b>Regional Enterprise (Re): Operation Review, Phase 2: Operating Effectiveness</b></p> <p><b>Investigating and resolving alleged breaches of planning control</b></p> <p><b>(January 2017)</b></p>	<p><b>Backlog of cases</b></p> <p>Management will review the 619 enforcement cases which are currently without a recommended action and ensure appropriate action is being taken. Management will prioritise the 175 cases that have been open for over a year.</p>	<p><b>In Progress</b></p> <p>Of the 175 of the 619 cases considered a priority owing to them being open for more than a year, 53 (30%) had been actioned but 122 (70%) had not.</p> <p>Of the remaining cases within the 619 cases, we tested a sample of 30 cases to determine the action taken. Within our sample, 12 (40%) had been actioned but 18 (60%) had not.</p> <p>Management referred to plans having already been put into action to rectify previous shortcomings, including a team restructure and the recruitment of a 'backlog officer'.</p>	<p><b>Planning Enforcement Manager, Re</b></p>	<p><b>Original: 30 April 2017</b></p> <p><b>Revised: 31 July 2017</b></p>
<p><b>Regional Enterprise (Re): Operation Review, Phase 2: Operating Effectiveness</b></p> <p><b>Investigating and resolving alleged breaches of planning control</b></p> <p><b>(January 2017)</b></p>	<p><b>Learning Lessons</b></p> <p>Management will investigate cases where action is not taken in reasonable timescales to ensure that recurrent delays are prevented and that lessons are learnt from the review.</p>	<p><b>In Progress</b></p> <p>Of the 1012 new cases since 1/10/2016, we tested whether the 90 day working day KPI target for issuing breach/enforcement notices had been met.</p> <p>At the time of audit testing, 116 cases were still open without action and had already exceeded the 90 days target.</p> <p>Management confirmed that each case now has a current officer assigned who will deal with the cases as appropriate. If</p>	<p><b>Planning Enforcement Manager, Re</b></p>	<p><b>Original: 30 April 2017</b></p> <p><b>Revised: 31 July 2017</b></p>

		<p>for whatever reason the officer no longer has capacity to deal with their caseload some will be reassigned to the newly recruited 'backlog officer'.</p> <p>Of the remaining cases, we tested a sample of 9 cases against which action had been taken. 4 of these (44%) were not resolved within the 90 days KPI target.</p> <p>In terms of lessons to be learnt, Management confirmed that these issues have primarily been caused by the number and experience of officers and their retention. Plans have already been put into action to rectify these shortcomings. The team has been augmented to assist in the speed of decision making.</p>		
<p><b>Regional Enterprise (Re): Operation Review, Phase 2: Operating Effectiveness</b></p> <p><b>Investigating and resolving alleged breaches of planning control</b></p> <p><b>(January 2017)</b></p>	<p><b>Records retention</b></p> <p>Management will remind Enforcement Officers of the importance of ensuring all relevant information and evidence is retained on file in the event of a query being raised at a later date.</p>	<p><b>In Progress</b></p> <p>Staff confirmed attendance at appropriate training that emphasised document retention. Testing also confirmed that planning officers retained sufficient documentation to support their recommendations. Where officers make a recommendation this is correctly authorised by a manager.</p> <p>However, we did find cases where a manager was involved operationally in the case and also closes it off without any authorisation by a second manager, which represents a lack of segregation of duties. In these instances, although verbal explanations seemed reasonable the documentation supporting the manager reasoning was not clear.</p>	<p><b>Planning Enforcement Manager, Re</b></p>	<p><b>Original: 30 April 2017</b></p> <p><b>Revised: 31 July 2017</b></p>

#### 4.4 Completed actions

4.4.1 During this period we followed up 8 high priority actions which are deemed to have been implemented. We have summarised these below:

Name of report	Agreed Action and Due Date	Implemented
<p><b>Community Infrastructure Levy (CIL) and Section 106 (S106) – Phase I, Income</b> (April 2017)</p>	<p><b>CIL calculation accuracy – due 30 June 2017</b> Proposals for a revised approach will be agreed at the next meeting of the Strategic Planning Operations Board (SPOB) in May 2017.</p>	<p>The paper presented to the SPOB in May contained the revised approach which was approved.</p>
<p><b>Community Infrastructure Levy (CIL) and Section 106 (S106) – Phase I, Income</b> (April 2017)</p>	<p><b>CIL calculation accuracy – due 30 June 2017</b> Mechanisms for review and oversight of the calculation and discount/relief process will be established. We will develop parameters to ensure that high value/complex calculations are reviewed by another officer and high value discounts will be reviewed and authorised before processing. A sample of other CIL calculations and charges generated by Planning Obligations Officers will be verified on a periodic basis. Evidence of such checks will be documented and kept on file.</p>	<p>The SPOB meeting had a mechanism for management oversight and review. We saw the output of management review in June in which Management challenged some of the calculations.</p>
<p><b>Estates Health &amp; Safety Compliance</b> (February 2017)</p>	<p><b>Performance Reporting – due 28 April 2017</b> We will establish a mechanism to ensure that operational performance and compliance status in relation to the whole of the non-civic estate is reported back to senior stakeholders within the Council. This will provide them with an opportunity to scrutinise and challenge Health and Safety activity.</p>	<p>We reviewed the latest reporting (LBB property Compliance Performing Report- May 2017) to senior stakeholders within the Council and checked that it includes the operational performance and compliance status in relation to the whole of the non-civic estate and confirm that it facilitates oversight and scrutiny.</p> <p>We found:</p> <ul style="list-style-type: none"> <li>- The report includes an analysis of compliance across the non-civic estate and categorises properties into compliant or non-compliant, highlighting if properties have overdue inspections, outstanding remedial actions or outstanding documentation;</li> <li>- A detailed listing of properties that reconciles to the summary dashboard reporting is also produced to support the figures; and</li> <li>- A report section has been established in the template which facilitates further scrutiny of areas of non-compliance to flag key issues to Council management. This section was not fully completed in the May report but management assert this will be completed in subsequent reports.</li> </ul>

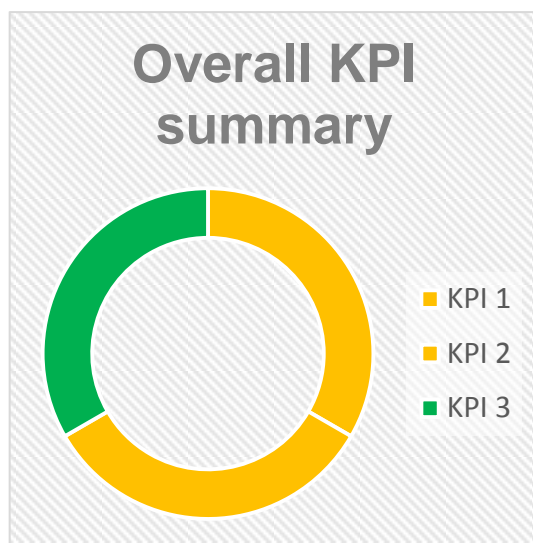
<p><b>Estates Health &amp; Safety Compliance</b> <b>(February 2017)</b></p>	<p><b>Performance Reporting – due 28 April 2017</b></p> <p>We will document an escalation protocol that sets out what the Council want to be notified of and how the Council should be notified. This protocol will be followed in the event that issues are identified.</p>	<p>An escalation protocol that sets out what the Council want to be notified of and how the Council should be notified was provided and evidence that this had been shared with the appropriate staff within CSG.</p> <p>The escalation protocol policy document was reviewed and deemed fit for purpose. It clearly defines the priority levels and remediating action for each, with clear process documentation on how to report this back to the Council.</p>
<p><b>Estates Health &amp; Safety Compliance</b> <b>(February 2017)</b></p>	<p><b>Performance Reporting – due 28 April 2017</b></p> <p>Monitoring arrangements will be defined to ensure activity set out in the programme to understand the compliance state of the non-civic is delivered in line with requirements.</p>	<p>The CSG compliance team has undertaken monitoring to ensure activity set out in the programme to understand the compliance state of the non-civic estate is delivered as planned.</p> <p>Monitoring information is shared with the Council on a monthly basis and supported by smaller weekly reports setting out progress. We obtained and reviewed an example of the monthly and weekly reports provided by CSG Estates setting out progress.</p>
<p><b>Statutory Complaints – Adults and Communities</b> <b>(November 2016)</b></p>	<p><b>Learning from Complaints form – due 31 March 2017 (revised 30 June 2017)</b></p> <p>Management will ensure that Learning from Complaints forms are completed and returned by Heads of Service to ensure lessons learned from complaints can be documented.</p>	<p>We saw that there were six partially and fully upheld complaints in Q1 of 2017/18. We selected three for our testing and asked to see completed lessons learned forms from the relevant 'complaint owner'. We saw that in all cases the form had been completed and returned to the Complaints Manager.</p>
<p><b>IT Change Management*</b> <b>(March 2016)</b></p>	<p><b>Process Lifecycle - Configuration records – due 31 August 2016 (revised 30 June 2017)</b></p> <p>Upgrade to a scalable relational Configuration Management Database (CMDB) tool to enable the auditable capture of CI dependencies and configuration information.</p>	<p>Service Now CMDB went live in June 2017.</p> <p>* Note that completion of other Audit follow-up work on IT Change Management to occur in August 2017 to enable more valuable review once Service Now is more embedded.</p>
<p><b>Dollis Junior School</b> <b>(March 2017)</b></p>	<p><b>Budget Monitoring – due</b></p> <p>Monitoring and control should be a continuous process throughout the financial year. Monitoring reports should be accurate so that early detection of significant deviation from the financial plan is possible.</p> <p>This has been noted. The School had already set up a more rigorous monitoring system since October 2016 and have worked tirelessly to</p>	<p>Follow up audit visit 19 June 2017 confirmed that the school made cost savings to March 2017, and set a budget for 2017/18 with great care. They are monitoring costs closely, and, without unforeseen expenditure, should be able to repay the deficit shortly.</p>

reduce the original forecasted deficit. These systems will continue to be reviewed as part of our on-going structural changes in this area. In the interim, we will continue to monitor our budget using FM4S and the Finance Committee.



# *Appendices*

## Appendix A: Key performance indicators (KPIs)



Fully Achieved



Partially Achieved

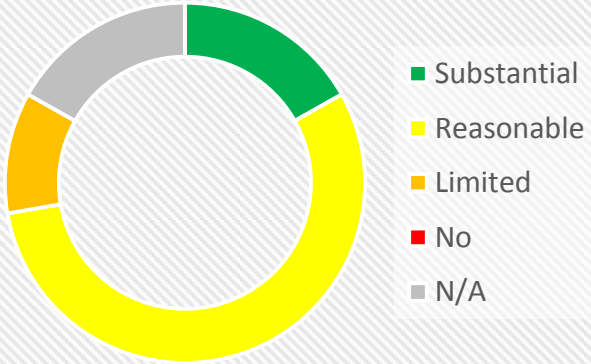


Not Achieved



KPI	Target	Results	Comment
1. % of Plan delivered	34%  Based on 95% complete of those due in quarter	20%	Although this is below the target for Q1, there are another 15 audits already underway and we are confident that we will deliver 95% of our plan by the end of the year. In Q1 a member of the internal audit team was seconded into the Elections team for 7 weeks to support the snap election which temporarily reduced internal audit's capacity.  0-17% = Not Achieved 18-33%% = Partially Achieved 34% = Fully Achieved
2. Verification that at least 90% of Critical and High Risks have been mitigated by management at the time of follow up	90%	53%	0-49% = Not Achieved 50-89% = Partially Achieved 90% = Fully Achieved
3. Average customer satisfaction score for year to meet or exceed acceptable level for at least 85% of completed surveys	85%	100%	0-49% = Not Achieved 50-84% = Partially Achieved 85% = Fully Achieved
4. % of reports year to date achieving:  •Substantial	N/A	17%	

# Assurance Ratings



- Reasonable
- Limited
- No Assurance
- N/A

56%  
11%  
0%  
17%

## Appendix B: Summary of The Barnet Group Internal Audit Annual Report 2016/17

Below is a summary of the Barnet Group Internal Audit Annual Report 2016-17 which provides an annual opinion of **Reasonable Assurance**. It states:

“...The Barnet Group has an adequate, effective and reliable framework of internal control and effective risk management and governance processes, which provides **reasonable assurance** regarding the effective and efficient achievement of the Group’s objectives...”.

The report, compiled by The Barnet Group’s internal auditors Mazars, reflects 19 audits, including compliance and follow up. The results of the 19 audits are summarised below:

The results of our audit work during 2016/17 are summarised below:

Audit Area	Assurance level	Recommendations				Accepted	Not accepted
		F	S	HK	Total		
Business Continuity Planning	Substantial	-	-	2	2	2	-
Stock Investment	Adequate	-	2	-	2	2	-
Fraud advisory review	N/A	No recommendations raised for this work					
Compliance – Q1 2016/17	N/A	-	1	1	2	2	-
Fire	Adequate	-	3	-	3	3	-
Legionella	Adequate	-	3	-	3	3	-
Regulatory Compliance (Open Door)	N/A	No recommendations raised for this work					
Governance (Open Door)	Substantial	-	-	2	2	2	-
Business plan and stress testing (Open Door)	Substantial	-	-	3	3	3	-
Treasury Management (Group)	Substantial	-	-	4	4	4	-
Compliance – Q3 2016/17	N/A	-	1	1	2	2	-
Tenancy Fraud <sup>1</sup>	Adequate	-	1	4	5	5	-
QL follow up review	Substantial	-	-	-	-	-	-
YCB Scheme Visits	Limited	1	3	4	8	8	-
Data Integrity	Various	-	6	4	10	10	-
Compliance – Q4 2016/17	N/A	-	1	2	3	3	-
Fraud resilience	Adequate	-	2	3	5	5	-
Follow up	N/A	No recommendations raised for this work					
Asbestos	Limited	2	-	1	3	3	-
<b>Total</b>	-	<b>3</b>	<b>23</b>	<b>31</b>	<b>57</b>	<b>57</b>	

F = Fundamental S = Significant HK = House keeping

## Appendix C: Recent publications



### **CIPFA Audit Committee Update Issue 22, March 2017**

Audit Committee Update is a briefing for members of public sector audit committees and those working with the committee. It is available for organisations that subscribe to the CIPFA Better Governance Forum.

The main topic of Issue 22 is the development of the Annual Governance Statement for 2016/17 in accordance with the latest guidance. It also considers good practice in producing an effective governance statement.

In addition the briefing covers recent developments, consultations, legislation and regulations which are of relevance to the work of the audit committee. The briefing will help to keep committee members up to date with new developments and provides access to further reading and resources.

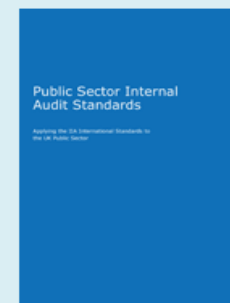
<http://www.cipfa.org/services/networks/better-governance-forum/corporate-governance-documentation/audit-committee-update-issue-22>



### **2017 State of the Internal Audit Profession Study; Navigating disruption**

A look at the influences disrupting organizations today... and how Internal Audit can build the resilience to evolve and increase its organizational value amidst disruption.

<https://www.pwc.com/us/en/risk-assurance/internal-audit-transformation-study.html>



### **Public Sector Internal Audit Standards, April 2017**

These standards, which are based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector.

The Standards have been revised from 1 April 2017 to incorporate new and revised international standards and consequent amendments to the additional public sector requirements and interpretations.

<http://www.cipfa.org/policy-and-guidance/standards/public-sector-internal-audit-standards>