

<b>Meeting</b>	Audit Committee
<b>Date</b>	8 April 2013
<b>Subject</b>	<b>Exception Recommendations Report and Progress Report up to 25<sup>th</sup> March 2013</b>
<b>Report of Summary</b>	Assurance Director/Chief Internal Auditor  Members are asked to note the progress against internal audit recommendations and work completed to date on the Internal Audit Annual Plan 2012-13 & high priority recommendations. In addition, Members are asked to note the progress made against the Regeneration Action Plan.

Officer Contributors	Assurance Director
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 25 <sup>th</sup> March 2013) Appendix B: Work completed to date to March 2013 Appendix C: Work in progress to March 2013 Appendix D: Internal Audit Effectiveness Indicators Appendix E: Internal Audit Recommendations quarter 4 (end of March) Appendix F: Regeneration Action Plan
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## **1. RECOMMENDATIONS**

- 1.1 That the Committee note the progress against the Internal Audit Plan for 2012-13 to 25<sup>th</sup> March 2013 and the actions being taken to address some cases of non implementation of high priority recommendations.**
- 1.2 It is further noted by the Committee the action plan and progress in respect of the Regeneration Audit Report from December 2012.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 At the Audit Committee meeting on 11 March 2010 Members 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. It was also resolved at the meeting of the 21<sup>st</sup> September 2010 that where an audit had limited assurance that greater detail be provided than previously.
- 2.2 At the meeting of the Committee on the 17<sup>th</sup> February 2011 it was decided that a report would be prepared quarterly regarding those internal audit recommendations not implemented.
- 2.3 The Committee also 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 planned activity is aligned with the Council’s objectives set out in the Corporate Plan 2012-2013, particularly the “Better Services with Less Money” priority, 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 Pursuant to section 149 of the Equality Act, 2010, the council has a public sector duty to: have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advance equality of opportunity between those with a protected

characteristic and those without; promote good relations between those with a protected characteristic and those without. The, relevant, 'protected characteristics' are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. It also covers marriage and civil partnership with regard to elimination discrimination.

- 5.2 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 Section 151 Local Government Act 1972 provides that '...every local authority shall make arrangements for the proper administration of their financial affairs...'

Pursuant to Regulation 6 of the Accounts and Audit (England) Regulations 2011 - 'A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.'

## **8. CONSTITUTIONAL POWERS**

- 8.1 The Constitution Part 2 Paragraph 3.3 recognises that the annual audit opinion plays an essential part in advising the Council that risk management procedures and processes are in place and operating effectively.
- 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 continued to deliver work in accordance with its plan reported to the Audit Committee in April 2012. This is the final period of reporting for the 2012-13 year end. Over the current period since the Committee last met in December 2012 the service has issued 26 reports, all but 5 were rated as satisfactory. Information has been presented in Appendix A on those reports issued as limited assurance.

- 9.2 A number of recommendations that were due at the end of March are still in progress however our early assessments have been included for the Audit Committee to review (appendix E) with 80% noted as implemented. One outstanding remains the signing of the lease agreement for North London Business Park. This is currently with the Landlord for action, management actions are however considered complete and will therefore not be reported further to Audit Committee.
- 9.3 The Committee's role is to review the progress to date and challenge where appropriate the progress made. Directors and/or Assistant Directors were asked to attend the Committee where an amber rating had been received on the assessment of progress to discuss work to date and work planned to cover off any perceived risk.
- 9.4 In addition, at the previous Audit Committee meeting Regeneration received a 'no assurance' report. Appendix F includes the progress of those recommendations made; this has been prepared by the service as a self-assessment for consideration by the Committee. The self assessment has been produced as the service did not feel it had sufficiently completed the work agreed to by the timeline originally presented. However the service did consider it was useful to outline the volume of work undertaken since the last Committee meeting. It is therefore proposed by the service that the independent review of the progress be deferred until May 2013.
- 9.5 The Regeneration Service provided the following context to the action plan contained within Appendix F:

*The Regeneration Team have taken the findings of the November 2012 Audit very seriously and have committed time and resource to improving programme and project level processes both in response to the weaknesses identified in the Audit Report and in preparation to a new operating model.*

*On 4<sup>th</sup> December 2012, the Regeneration Board, agreed to the establishment of a cross organisational working group – the Compliance and Transition Project Board, chaired by the Director for Place, with a remit to oversee the actions to improve programme and project management in Regeneration and to ensure that the service is prepared for transition to the new operating model.*

*The scope of the Board includes:*

- *Ensuring the function is establishing and maintaining effective project and programme governance*
- *Establishing relationships between projects and programmes*
- *Enforcing compliance with project management standards and controls (including risks, issues, reporting, project progress/performance, data management)*
- *Embedding effective programme and project management practice throughout the portfolio (e.g. training/skill set, effective board meetings)*
- *Driving accountability for project management and delivery and aligning resources with specific activities*

- *Providing momentum to drive improved practice, overcoming obstacles (e.g. providing leadership to engage key stakeholders with new governance arrangements)*
- *Reporting progress to Regeneration Board*
- *Identifying key transition work streams and commissioning activity to prepare for transition.*

*A new governance structure has been developed which will provide enhanced programme level controls and management and oversight of project delivery.*

## **10. LIST OF BACKGROUND PAPERS**

10.1 None.

<b>Cleared by Finance (Officer's initials)</b>	<b>MC and JH</b>
<b>Cleared by Legal (Officer's initials)</b>	<b>SWS</b>