

# Internal Audit – London Borough of Barnet

Appendix A



## ***Internal Audit Q3 Progress Report 1 October – 31 December 2023***



*Cross Council Assurance Service*

## 1.0 Summary

### 1.1 Purpose of this report

1.1.1 We are committed to keeping the Governance, Audit, Risk Management and Standards Committee (GARMS) 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 in July (Q2) and to bring to your attention any other matters that are relevant to your responsibilities.

### 1.2 Progress against the 2023/24 internal audit plan

1.2.1 We have completed 19 reviews in this current period and to date have delivered 70% of our combined 2023/24 annual internal audit programme. This is slightly below the quarter three (Q3) target of 75% at the end of December 2023.

Please see Appendix A for further narrative on our performance indicators (PIs).

1.2.2 There was one 'Limited' assurance report issued in this period and covered in this report:

- Business Continuity

### 1.3 Findings of our Follow Up Work

1.3.1 We have commenced follow up work on all **high priority actions** with an implementation date of 31 December 2023 or sooner. We have had discussions with management on the progress made in implementing actions falling due in this period and have sought evidence to support their response.

A total of 33 high priority actions have been followed up in Q3:

- 22 actions have been confirmed as implemented (67%); and
- 10 actions have been partially implemented (in Progress) (30%).
- 1 action has not been completed (3%).

| High priority actions:<br>Follow-up Summary | Total | Implemented | In progress | Not Implemented |
|---|-------|-------------|-------------|-----------------|
| Total Number of Actions Tested              | 33    | 22          | 10          | 1               |

1.3.2 We also follow-up a sample of medium priority actions to confirm implementation.

A total of 7 medium priority actions have been followed up in Q3:

- 2 actions have been confirmed as implemented or closed (29%);
- 4 actions have been partially implemented (in Progress) (57%); and
- 1 actions have been marked as Not Implemented (14%).

| <b>Medium priority actions:<br/>Follow-up Summary</b> | <b>Total</b> | <b>Implemented</b> | <b>In progress</b> | <b>Not Implemented</b> |
|---|--------------|--------------------|--------------------|------------------------|
| Total Number of Actions Tested                        | <b>7</b>     | <b>2</b>           | <b>4</b>           | <b>1</b>               |
|   |              |                    |                    |                        |
| <b>Total actions followed up in Q3</b>                | <b>40</b>    | <b>24</b>          | <b>14</b>          | <b>2</b>               |
| %   |              | <b>60%</b>         | <b>35%</b>         | <b>5%</b>              |

**1.3.3** In total, only 60% of actions followed up in Q3 have been confirmed as implemented at this time, which is clearly below the target of 90%. A verbal update will be given to Governance, Audit, Risk Management and Standards Committee (GARMS) if any evidence of further progress is provided.

**1.3.4** Until we have clear confirmation that the implementation of audit actions is at an appropriate level and that this is sustainable, we will maintain the risk rating as 16 against the following risk within the Assurance Group risk register:

ASS018 - Audit advice and/or agreed actions not being implemented could lead to a deterioration in the council's control environment resulting in the Head of Internal Audit providing a Limited Assurance Annual Opinion.

**1.3.5** Progress against audit actions is summarised in more detail in the Follow-up Outcomes Report which is included at Appendix B. At the request of the Committee a column has been included to show how many times the action has slipped i.e. not been implemented within the agreed timeframe. The colour key is as follows:

White = 1 (i.e. first-time non-implementation being reported)

Amber = 2 (i.e. second time non-implementation being reported)

Red = 3+ (i.e. at least third time non-implementation being reported)

## **1.4 Recommendations**

That the Governance, Audit, Risk Management and Standards Committee (GARMS) notes the progress made against our 2023/24 Internal Audit Plan.

## 2.0 Reports with significant impact issued since the previous meeting

### 2.1 Limited Assurance Reports

#### 2.1.1 Business Continuity

| Number of Recommendations by Risk Category |        |
|--|--------|
| High                                       | Medium |
| 3  | 2      |

#### **Scope and Background**

Business Continuity Management (BCM) arrangements enable an organisation to effectively recover its priority activities and resources following a disruption to operations. This review examined the London Borough of Barnet (the “Council”) BCM programme to consider the extent to which it aligns to management requirements and good practice where relevant.

The usual aim of a BCM programme is to provide a proactive approach to minimising the risk and impact of business disruptions. Some organisations require this to be done in a manner that demonstrates resilience to key stakeholders and interested third parties, usually to meet regulatory requirements or create commercial advantage.

This review assessed the design of the BCM programme (the ongoing management and governance process to implement and maintain business continuity management) to consider the extent to which it aligns to Strategic management requirements and useful good practice. We considered any potential gaps in the current BCM programme approach and capability, as well as potential opportunities to simplify and streamline, considering guidance, including the ISO 22301 (International Standard for Business Continuity Management) and the Business Continuity Institute Good Practice Guidelines (GPG).

#### **Summary of findings**

Using guidance, including ISO 22301 (Business Continuity Management (BCM)), the Business Continuity Institute (BCI) Good Practice Guidelines and BCM expertise to inform our view, we have reviewed and assessed the current design of the Council’s BCM programme to protect critical services against disruption. This review has been given a Limited Assurance rating, which is reflective of the status of BCM

arrangements in place and recognising that further development is now needed to minimise the risk and become embedded over the longer term. Historically, we understand that the Council's resource dedicated to the management of BCM was very lean and the team has had challenges in recruiting (both to the team and an individual with relevant expertise) and therefore the Council had limited capacity to focus on specific BCM requirements. A BCM team member was appointed to conduct a gap analysis of the BCM programme in March 2022.; however, the team member departed the Council prior to the actions being implemented and due to the lack of BCM expertise and resources available the actions arising from the gap analysis were not implemented.

Management is aware of gaps in capabilities and are actively recruiting a dedicated BCM individual with relevant expertise to develop and enhance the capability for a relaunch. Crucially, the Council needs to put mechanisms in place to determine its BCM approach, identify its most critical services for protection, update its governance arrangements, and refresh and update its policy and BCM framework, including development of key guidance and tools surrounding the development of the BIA and plans.

This audit has identified three high and two medium risk findings. We identified the following issues as part of the audit:

- **BCM Programme Design (High risk)** – Several BCM governance, programme and process issues were noted through this review:
  - The BCM Policy and Strategy were last reviewed and updated in 2019 and have not been formally approved and communicated across the Council.
  - There is no updated defined risk strategy surrounding the Council's approach to BCM and its critical activities or functions.
  - Although there is a designated executive sponsor who is accountable for BCM with defined roles and responsibilities in place, this is not formally documented in any relevant documentation; an oversight committee and defined measurable deliverables of the BCM programme including the agreed methods, frequency, and review of all stages of the BCM lifecycle.
  - While existing BCM personnel have experience and skills in Emergency planning that can be utilised in BCM, the Council does not have sufficiently experienced and qualified BCM expertise to provide guidance on a sequential BCM planning process and key planning tools, including Policy, Business Impact Analysis, BCPs and exercising, which provides insight on the underlying cause of planning gaps.
- **Business Impact Analysis (BIA) and Integration with other business processes (High risk)** – An initial BIA exercise has not taken place to identify and document the Council's business continuity priorities. For 3 of 3 (100%) Service level BIAs reviewed, Recovery Time Objectives (RTO) and priority activities are not well defined and appropriate, and RTOs have not been verified with dependencies and interdependencies to ensure that they align and are achievable. There is no defined criticality matrix in place that sets out a standardised and consistent measure or definition for prioritised activities.

In addition, it was noted that BCM is not yet fully embedded into business-as-usual activities with clear links with procurement, emergency planning and IT disaster recovery plans. There is no planned approach in place to ensure the continuity of critical suppliers and the Council may be unaware of critical suppliers that could potentially impact the business operations in the event of a disruption, for example, a liquidation or collapse. The process of invoking BCM plans has not been defined.

- **Business Continuity Plans (BCPs) (High risk)** – The Corporate Level BCP has not been updated since 2019. 3 out of 3 (100%) BCM plans reviewed did not include an outline or step-by-step instruction (including the work arounds on the recovery of priority services within acceptable time frames) to be able to aid those that may be unfamiliar with the process in the event of the loss of priority staff. There is no central repository for BCPs, and one plan was not available due to access constraints during the fieldwork.
- **Exercising and Learning Lessons (Medium risk)** – The Council does not currently have a BCM exercising strategy including a schedule for planned exercises that is aligned to good practice. An exercise strategy would outline the requirements for exercising plans based on the criticality, and complexity.
- **Training and Awareness (Medium risk)** – There is no training and awareness programme in place for BCM leads, BCP authors and staff across the Council.

Appropriate actions have been agreed and these will be followed up by Internal Audit. The first follow-up visit will take place in Q1 of 2024/25.

### 3.0 Progress against plan

The table below represents a summary of the work that we have completed during the period 1<sup>st</sup> October 2023 to 31<sup>st</sup> December 2023 or that is currently underway.

| Stage                                    | Name of review                                   | Report classification | Total findings | Ratings  |      |        |     |          |
|--|--|-----------------------|----------------|----------|------|--------|-----|----------|
|  |  |                       |                | Critical | High | Medium | Low | Advisory |
| <b>Q3 – 1 October – 31 December 2023</b> |  |                       |                |          |      |        |     |          |
| Complete                                 | Business Continuity                              | Limited               | 5              | -        | 3    | 2      | -   | -        |
| Complete                                 | Payroll  | Reasonable            | 7              | -        | -    | 3      | 4   | -        |
| Complete                                 | Our Lady of Lourdes School                       | Reasonable            | 6              | -        | 1    | 2      | 3   | -        |
| Complete                                 | Beit Shvidler School                             | Reasonable            | 6              | -        | -    | 4      | 2   | -        |
| Complete                                 | St Johns CE School N20                           | Reasonable            | 6              | -        | -    | 3      | 3   | -        |
| Complete                                 | Northside School                                 | Reasonable            | 6              | -        | -    | 3      | 3   | -        |
| Complete                                 | Christ Church CE School                          | Reasonable            | 5              | -        | -    | 2      | 3   | -        |
| Complete                                 | Garden Suburb Infant School                      | Reasonable            | 3              | -        | -    | 2      | 1   | -        |
| Complete                                 | Social Care Reform - CQC Inspection Preparedness | N/A                   | -              | -        | -    | -      | -   | -        |
| Complete                                 | Disabled Facilities Grant Certification          | N/A                   | -              | -        | -    | -      | -   | -        |
| Complete                                 | Dedicated Schools Grant - Advisory               | N/A                   | -              | -        | -    | -      | -   | -        |

|                      |   |     |           |   |          |           |           |   |
|----------------------|---|-----|-----------|---|----------|-----------|-----------|---|
| Complete             | Bus Subsidy Grant   | N/A | -         | - | -        | -         | -         | - |
| Complete             | Supporting Families Programme – Payment by Results Q2             | N/A | -         | - | -        | -         | -         | - |
| Complete             | Supporting Families Programme – Payment by Results Q3             | N/A | -         | - | -        | -         | -         | - |
| Complete             | Prospect Ring - Advisory  | N/A | -         | - | -        | -         | -         | - |
| Complete             | Salix – Public Sector Decarbonisation Scheme – Independent Review | N/A | -         | - | -        | -         | -         | - |
| Complete             | Solutions for Health - Contract Review – Added to Plan            | N/A | -         | - | -        | -         | -         | - |
| Complete             | Sustainability: Electric Vehicle Grants                           | N/A | -         | - | -        | -         | -         | - |
| Complete             | Integra & HR Core Replacements (Oracle) – Advisory                | N/A | 3         | - | -        | 3         | -         | - |
| Total findings in Q3 |   |     | <b>47</b> | - | <b>4</b> | <b>24</b> | <b>19</b> | - |
| Draft Report         | Disabled Facilities Grant - Risk Based Audit of Processes         | TBC | -         | - | -        | -         | -         | - |
| Draft Report         | Care Homes  | TBC | -         | - | -        | -         | -         | - |
| Draft Report         | EDI Action Plan Delivery  | TBC | -         | - | -        | -         | -         | - |
| Draft Report         | Client Affairs  | TBC | -         | - | -        | -         | -         | - |
| Draft Report         | Salix – Public Sector Decarbonisation Scheme – Lessons Learnt     | TBC | -         | - | -        | -         | -         | - |
| Draft Report         | Fairway School  | TBC | -         | - | -        | -         | -         | - |
| Draft Report         | Menorah Primary School  | TBC | -         | - | -        | -         | -         | - |



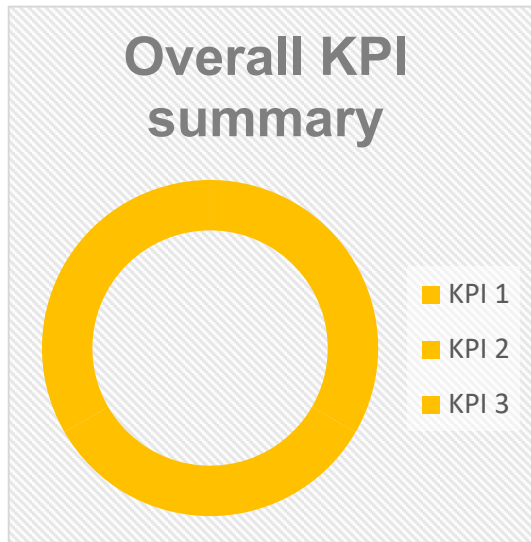
|           |   |     |   |   |   |   |   |   |
|-----------|---|-----|---|---|---|---|---|---|
| Fieldwork | Parking Contract Monitoring   | TBC | - | - | - | - | - | - |
| Fieldwork | Schools Estates Project - Advisory                                  | TBC | - | - | - | - | - | - |
| Fieldwork | Mandatory Training  | TBC | - | - | - | - | - | - |
| Fieldwork | Direct Payments (18 – 25)   | TBC | - | - | - | - | - | - |
| Fieldwork | Cyber Security – Third Party Security and awareness – Follow-up     | TBC | - | - | - | - | - | - |
| Fieldwork | Purchase Card Policy Compliance                                     | TBC | - | - | - | - | - | - |
| Fieldwork | Children’s Direct Payments  | TBC | - | - | - | - | - | - |
| Fieldwork | Records Retention and Destruction                                   | TBC | - | - | - | - | - | - |
| Fieldwork | Housing Benefits  | TBC | - | - | - | - | - | - |
| Fieldwork | Performance Management - Monitoring Delivery of Our Plan for Barnet | TBC | - | - | - | - | - | - |
| Planning  | Community Safety  | TBC | - | - | - | - | - | - |
| Planning  | DLUHC Covid Champions Grant (Completion of Phase 2)                 | TBC | - | - | - | - | - | - |
| Planning  | Private Sector Landlords - Licensing of HMOs                        | TBC | - | - | - | - | - | - |

|                                  |   |   |   |   |   |   |   |   |
|----------------------------------|---|---|---|---|---|---|---|---|
| Planning                         | Treasury Management   | TBC   | - | - | - | - | - | - |
| Planning                         | Procurement   | TBC   | - | - | - | - | - | - |
| Planning                         | Temporary Accommodation   | TBC   | - | - | - | - | - | - |
| Planning                         | Transformation Programme – Review of Sample of Projects/Workstreams | TBC   | - | - | - | - | - | - |
| Planning                         | Risk Management   | TBC   | - | - | - | - | - | - |
| Planning                         | Capital Programme – Business Cases / Benefits                       | TBC   | - | - | - | - | - | - |
| Planning                         | Oracle Readiness Review – ADDED TO PLAN                             | TBC   | - | - | - | - | - | - |
| <b>Changes to published plan</b> |   |   |   |   |   |   |   |   |
| Added to Plan                    | Solutions for Health - Contract Review – Added to Plan              | At request of Family Services and Public Health   |   |   |   |   |   |   |
| Added to Plan                    | Oracle Readiness Review   | At request of Oracle Programme Steering Board   |   |   |   |   |   |   |
| Deferred                         | Sustainability Strategy   | Deferred as other review being undertaken to prioritise Barnet Zero work actions.   |   |   |   |   |   |   |
| Deferred                         | Budget Forecasting & Finance Business Partnering                    | Deferred due to MTFs work taking priority for Finance team. Assurance taken from work at Financial Sustainability Board, Cabinet and Scrutiny. Review to be undertaken once Oracle has been introduced. |   |   |   |   |   |   |

|           |  |  |
|-----------|--|--|
| Deferred  | Brent Cross                                | Deferred to early 2024/25 due to recent completion of audit of compliance with Grant Conditions. |
| Deferred  | Data Maturity follow-up                    | To be reconsidered as part of 2024/25 planning alongside other digital developments.             |
| Cancelled | Schools Capital Programme                  | Cancelled as audited at end of 2022/23   |
| Cancelled | Finance & HR - support provided to schools | Cancelled as separate Advisory review completed of Dedicated Schools Grant                       |

# *Appendices*

## Appendix 1: Key performance indicators (KPIs)



**KEY:**

Fully Achieved

Partially Achieved

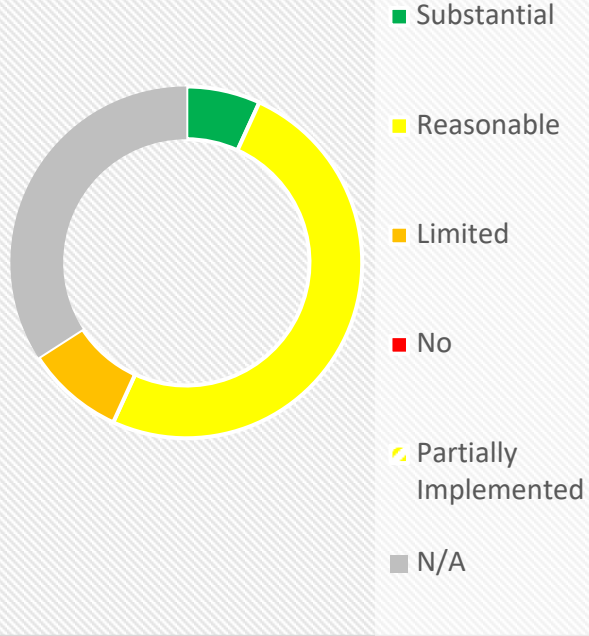
Not Achieved

N/A



| KPI  | Target                       | Results | Comment   |             |    |          |     |           |     |              |     |          |      |
|--|------------------------------|---------|---|-------------|----|----------|-----|-----------|-----|--------------|-----|----------|------|
| 1. % of Plan delivered   | Q3 to end of December<br>75% | 70%     | Work in progress is incorporated as follows: <table border="1" style="margin-left: 20px;"> <tr> <td>Not Started</td> <td>0%</td> </tr> <tr> <td>Planning</td> <td>20%</td> </tr> <tr> <td>Fieldwork</td> <td>50%</td> </tr> <tr> <td>Draft Report</td> <td>90%</td> </tr> <tr> <td>Complete</td> <td>100%</td> </tr> </table> Applying these %s to work in progress shows that we have delivered 70% of our plan for the year against a Q3 target to end of December of 75%.<br><br>Up to 49% = Not Achieved<br>50-74% = Partially Achieved<br>75% = Fully Achieved | Not Started | 0% | Planning | 20% | Fieldwork | 50% | Draft Report | 90% | Complete | 100% |
| Not Started  | 0%                           |         |   |             |    |          |     |           |     |              |     |          |      |
| Planning   | 20%                          |         |   |             |    |          |     |           |     |              |     |          |      |
| Fieldwork  | 50%                          |         |   |             |    |          |     |           |     |              |     |          |      |
| Draft Report   | 90%                          |         |   |             |    |          |     |           |     |              |     |          |      |
| Complete   | 100%                         |         |   |             |    |          |     |           |     |              |     |          |      |
| 2. Verification that at least 90% of Critical and High Risks have been mitigated by management at the time of follow up  | 90%                          | 67%     | 0-49% = Not Achieved<br>50-89% = Partially Achieved<br>90% = Fully Achieved   |             |    |          |     |           |     |              |     |          |      |
| 3. Average customer satisfaction score for year to meet or exceed acceptable level for at least 85% of completed surveys | 85%                          | 60%     | 0-49% = Not Achieved<br>50-84% = Partially Achieved<br>85% = Fully Achieved<br><br>Q3: 5 surveys completed<br>2 Excellent<br>1 Good<br>2 Adequate   |             |    |          |     |           |     |              |     |          |      |

# Assurance Ratings



| 4. % of reports year to date achieving:  |     |  |  |
|--|-----|--|--|
| <ul style="list-style-type: none"> <li>•Substantial</li> <li>•Reasonable</li> <li>•Limited</li> <li>•No Assurance</li> <li>•Partially Implemented</li> <li>•Implemented</li> <li>•N/A</li> </ul> | N/A | 7%<br>50%<br>9%<br>0%<br>0%<br>0%<br>34% |  |