



## Governance, Audit, Risk Management and Standards Committee (GARMS)

<b>Title</b>	Internal Audit Exception Recommendations Report and Q3 Progress Report 1 <sup>st</sup> October to 31 <sup>st</sup> December 2023
<b>Date of meeting</b>	18 <sup>th</sup> January 2024
<b>Report of</b>	Executive Director of Assurance Head of Internal Audit
<b>Wards</b>	N/A
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Appendices</b>	Appendix A - Internal Audit Q3 progress report (1st October to 31st December 2023)  Appendix B – Internal Audit Q3 Follow-up Outcomes Report (1st October to 31st December 2023)
<b>Officer Contact Details</b>	Caroline Glitre, Head of Internal Audit <a href="mailto:caroline.glitre@barnet.gov.uk">caroline.glitre@barnet.gov.uk</a>  020 8359 3721

### Summary

The GARMS Committee are requested to note the progress against internal audit recommendations and work completed to date on the Internal Audit Plan 2023-24 and high and medium priority internal audit recommendations.

The Audit Committee approved the Internal Audit Plan for 2023-24 on 26<sup>th</sup> April 2023.

During Q3, the service completed 19 reviews and at the end of Q3 had delivered 70% of our annual internal audit programme for 2023/24, against a target of 75% for Quarter 3.

There was one Limited Assurance report issued this quarter which is summarised in the attached progress report:

- Business Continuity

During Q3, follow-up work was undertaken on 33 high and 7 medium priority actions falling due up until 31st December 2023 or sooner. Of the 40 actions followed up:

24 were implemented (60%);

2 were not implemented (5%); and

14 were found to be in progress (35%).

Progress against audit actions is summarised in more detail in the Follow-up Outcomes Report which is included at Appendix B.

### Recommendations

- 1. That the Governance, Audit, Risk Management and Standards Committee note the general work completed to date on the Internal Audit Q3 report – 1st October to 31st December 2023.**
- 2. That the Governance, Audit, Risk Management and Standards Committee note the work completed to date on Schools within the Internal Audit Q3 report – 1st October to 31st December 2023.**

### Reasons for the Recommendations

- 1.1 The GARMS Committee's role in receiving this report is to note the overall progress made against the 2023-24 Internal Audit Plan and the high and medium priority recommendations made. In addition, the Committee can inquire of Directors and Assistants Directors as to their progress against recommendations.
- 1.2 The Audit Committee approved the Internal Audit Plan 2023-24 in April 2023, and this report notes the progress against that plan and progress against high and medium priority recommendations.
- 1.3 Compliance with the Public Sector Internal Audit Standards.

### Alternative Options Considered and Not Recommended

2.1 Not Relevant

### Post Decision Implementation

3.1 The remaining work on the Internal Audit 2023-24 Plan will be delivered and progress against the plan reported to the GARMS Committee at future meetings throughout the year.

## **Corporate Priorities, Performance and Other Considerations**

### **Corporate Plan**

4.1 Our Plan for Barnet (the corporate plan 2023 -2026) was adopted in March 2023.

4.2 All internal audit planned activity in 2023-24 is aligned with the Council's objectives set out in the Corporate Plan 2023-2026, 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.

### **Corporate Performance / Outcome Measures**

4.3 A comprehensive Internal Audit Plan is essential to giving an annual Internal Audit Opinion on the internal control environment (ICE) which is fundamental for the achievement of all of the Council's objectives. This opinion forms an integral element of the Annual Governance Statement.

4.4 The Council has a responsibility to protect the public purse through proper administration and control of the public funds and assets to which it has been entrusted.

### **Sustainability**

4.5 None in the context of this decision.

### **Corporate Parenting**

4.6 None in the context of this decision.

### **Risk Management**

4.7 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.

4.8 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.

### **Insight**

4.9 None in the context of this decision

### **Social Value**

4.10 None in the context of this decision

## **Resource Implications (Finance and Value for Money, Procurement, Staffing, IT and Property)**

5.1 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 In addition, the follow-up of audit recommendations will ensure that a positive culture of internal control is achieved.

5.3 The delivery of the Internal Audit plan is being achieved from Internal Audit's current budget.

### **Legal Implications and Constitution References**

6.1 The Council's Constitution (Part 2B) sets out the terms of reference for Committees. The responsibilities for the Governance, Audit, Risk Management and Standards (GARMS) Committee include providing "independent assurance to the members of the adequacy of Barnet Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place".

6.2 The Council also has a duty under section 3 of the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. Regulation 3 of the Accounts and Audit Regulations 2015 requires the Council to ensure that it has a sound system of internal control which:

- Facilitates the effective exercise of its function and the achievement of its aims and objectives;
- ensures that the financial and operational management of the authority is effective; and
- includes effective arrangements for the management of risk.

6.3 Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 requires 'an authority to conduct a review at least once in a year of the effectiveness of its system of internal control.'

### **Consultation**

7.1 N/A

### **Equalities and Diversity**

8.1 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.

### **Background Papers**

9.1 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>

9.2 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>

9.3 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>

9.4 Audit Committee 26 April 23 (Decision Item 10) – the Audit committee approved the Internal Audit and Anti-Fraud Strategy and Annual Plan 2023-24.

<https://barnet.moderngov.co.uk/documents/s77692/Internal%20Audit%20CAFT%20Plan%20202324.pdf>