

	Audit Committee 28th July 2016
Title	Internal Audit Exception Recommendations and Progress Report Q1 1st April – 30th June 2016
Report of	Clair Green, Assurance Assistant Director
Wards	N/A
Status	Public
Urgent	No
Enclosures	Appendix 1 - Internal Audit progress report Q1 covering the period 1 st April – 30 th June 2016 Appendix 2 - updated Internal Audit Charter
Key	NO
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Summary

Members are asked to note the progress against The Internal Audit Plan 2016-17 that was approved by the Audit Committee on the 19th April 2016.

As previously requested by the Committee, this report covers audit reports with limited or no assurance which are summarised into key messages with some detail.

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>

An update to the Internal Audit Charter is also presented as an Appendix 2. The Charter was first approved in July 2013, and revised in April 2015, this is the second revision.

The reason for this revision is that for 2016/17 internal audit will align its reporting framework and associated scoring framework with the methodology applied 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 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. A key point to note is that previously all reports that have a "high risk" finding were classed as "limited assurance." This may not necessary occur based on the revised scoring framework; and
- 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

These changes have been reflected in both the Q1 IA progress report (Appendix 1) and the Audit Charter which can be seen in Appendix 2 for reference.

Recommendations

1. That the Committee note the work completed to date on the Internal Audit Annual Plan 2016-17 and progress against high priority recommendations.

2. 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 progress made to date against the 2016-17 Internal Audit Plan. The report includes details of audit reports with 'limited' or 'no assurance' which are summarised into key messages with some detail along with the progress of implementation of previous high priority recommendations made. In addition, the Audit Committee can inquire of Directors and Assistants Directors (or equivalent grade) 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 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.
- 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. This is the second 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>

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>