Appendix 1

Internal Audit

Quarter 4 Progress Report 2016-17
1st January – 31st March 2017

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1. Introduction

The Internal Audit Plan 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.

2. Final Reports Issued

This report covers the period from 1st January 2017 to 31st March 2017 and represents an up to date picture of the work in progress to that date. The Internal Audit service has over this period issued 24 reports in relation to the 16/17 plan. In summary, the assurance ratings provided for reports issued were as follows:

Substantial ✓✓✓	3
Reasonable	14
Limited	3
No	-
N/A	4
Total	**24**

Table 1: Work completed during quarter 4 including assurance levels

	Systems Audits	Assurance	Number of findings by risk category				
			Critical	High	Medium	Low	Advisory
1	Highways Programme	Limited	-	1	2	3	-
2	Estates - Health and Safety Compliance	Limited	-	1	4	2	-
3	Residential Care Homes – Provider Sustainability	Reasonable	-	-	2	4	-
4	Safeguarding - Statutory Responsibilities – Adults	Reasonable	-	-	5	2	-
5	No Recourse to Public Funds*	Reasonable	-	-	5	-	-
6	Regeneration – Dollis Valley	Reasonable	-	-	3	-	-
7	Estates – Subcontractor Ordering Processes*	Reasonable	-	-	2	1	-

	Key Financial Systems:						
8	Budget Monitoring – Parking & Infrastructure	Reasonable	-	-	4	-	-
9	Teachers Pensions	Reasonable	-	-	2	-	-
10	Cash & Bank	Reasonable	-	-	1	-	-
11	Treasury Management	Substantial	-	-	-	-	-
12	Transformation – Family Friendly Barnet	Substantial	-	-	-	3	-
13	Staff Performance Management	N/A	-	-	1	2	-
14	Establishment List follow-up	N/A	-	-	-	2	-
15	Review of Barnet Group Internal Audit Plan and Reports	N/A	-	-	3	-	-
	Grants / Payments by Results						
16	Troubled Families PbR– Q4	N/A					
	School Audits						
17	Dollis Junior Last audit: Satisfactory Assurance Jan 2013	Limited	-	1	2	5	-
18	Whitings Hill Last audit: Satisfactory Assurance Feb 2013	Satisfactory	-	1	1	6	-
19	St. Margaret's Nursery Last audit: Satisfactory Assurance Jul 2013	Satisfactory	-	-	6	1	-
20	Rosh Pinah Last audit: Limited Assurance Nov 2013	Satisfactory	-	-	4	1	-
21	Danegrove Last audit: Satisfactory Assurance Dec 2012	Satisfactory	-	-	4	1	-

22	St. Mary's N3 Last audit: Satisfactory Assurance Nov 2012	Satisfactory	-	-	3	1	-
23	Moss Hall Junior Last audit: Satisfactory Assurance Dec 2012	Satisfactory	-	-	2	1	-
24	Garden Suburb Junior Last audit: Satisfactory Assurance Nov 2012	Substantial	-	-	-	-	-

*Joint Internal Audit & CAFT review

3. Key Findings from Internal Audit Work with No or Limited assurance

Title	Highways Programme
Audit Opinion	**Limited Assurance**
Date of report:	March 2017
Background & Context	The Network Recovery Programme (NRP) is managed by Regional Enterprise ("Re") Limited on behalf of the Council. Re also manage the contract that the Council has in place with Conway Aecom to provide reactive and planned highways maintenance, including works under the NRP scheme. The objective of this review was to assess the design and test the operating effectiveness of the contract management arrangements in place for the contract with Conway Aecom as well as to consider key controls to support the delivery of works under the NRP highways improvement programme. In particular it looked at the controls in place to help ensure the following objectives are met: Completion of highways improvement works: Works are completed in line with required standards and minimise disruption to residents. Governance and Performance Reporting: Contract managers are able to govern with confidence, making timely and fully informed decisions, resulting in the required contract outcomes and benefits being realised. Issue Management and Conflict Resolution: Contract issues are identified, monitored, escalated and resolved in a timely fashion to avoid impacting on contract aims. Risk Management: Contract risks are identified and mitigated in line with the organisational risk appetite and risk management strategy.
Summary of Findings	We identified that there are controls in place to ensure that there is adequate oversight and quality assurance of the completion of works under the Network Recovery Programme (NRP). There are mechanisms in place to ensure that there is oversight of activity through visits to works that are in progress and at the completion stage to provide assurance over quality. However, although these controls support the completion of individual schemes under the NRP we did identify some issues relating to broader contract management controls to ensure that there is effective oversight

Title	Highways Programme
	and management of the spectrum of planned and reactive works commissioned through LoHAC (London Highways Alliance Contract). The main area of improvement relates to the performance management arrangements in place. At present formal performance management is not being used as an effective contract management tool. It is important that the framework in place gives management the information they need to proactively identify performance issues and incentivise the contractor to influence practice in areas that matter to the Council. Re and the Council should work together to ensure that this is addressed going forward. This audit has identified 1 high, 3 medium and 3 low risk findings: - **Performance management (Finding 1, High)** Upon reviewing a sample of three monthly performance reports produced by the contractor, we identified one instance where performance information was not provided in line with requirements. Information was not consistently reported for certain performance indicators specified in the call off agreement. No validation of Key Performance Indicator (KPI) information provided by the contractor is currently performed. There are no mechanisms currently in place to identify inaccurate performance information presented by the contractor. Evidence could not be provided to consistently demonstrate that poor performance identified through reported KPIs was addressed and appropriate action was taken. The framework allows for a review of Performance Indicators to occur annually however a review has not happened to date. It is not clear whether the current performance management framework includes the most effective or appropriate performance indicators, for example a number of indicators are not measured in light of them not relating to the actual services provided under the contract. Service standards and associated KPIs in place for the Conway Aecom contract and the service standards that Re are to achieve are not aligned and therefore Re cannot effectively incentivise and influence contractor behaviours through the current performance management mechanisms set out in the Conway Aecom contract to ensure that required Council service standards are met. - **Issue management (Finding 2, Medium)** There is no central issues log to systematically manage and resolve strategic issues in relation to the contract and key operational issues arising. Whilst there are more operational issues logs maintained in relation to individual schemes (e.g. Defects logs and snagging lists) and we have seen ad hoc communications around ongoing service issues, there is no easy way of tracking progress against more systemic issues in relation to the service and the

Title	Highways Programme
	contract to ensure issues are resolved in a timely manner and the contractor is held accountable for taking action to resolve issues. - **Inspection sheets (Finding 3, Medium)** For 10/10 (100%) NRP schemes tested, the site clearance section in the site inspection form had not been completed following the completion of works. This section confirms that the site is clean and safe for public access and that all signage has been removed and road markings reinstated.

Priority 1 agreed actions

1. Performance Management

Agreed actions	Responsible Officers	Deadline
a) 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. These indicators will be added to those measured and reported by the contractor on a monthly basis as appropriate. b) 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. c) A framework for performing validation activity on performance data reported by the contractor will be determined and implemented. This will involve periodically requesting the supporting data from the contractor on a proportionate sample basis to support reported performance. d) Action plans in the instance of poor performance and explanations for poor performance will be obtained from the contractor to be included in reports produced.	a) Interim Lead Strategic Commissioner - Highways and Transport; Associate Director- Highways, Re b) Commercial Performance and Development Manager; Interim Lead Strategic Commissioner - Highways and Transport; Associate Director-	a) 30/06/2017 b) 30/06/2017 c) 31/07/2017 d) 31/07/2017 Note: Validation of contractor information and management of poor performance in relation to KPIs will be implemented upon the suite of performance

Title	Highways Programme		
		Highways, Re. c) Contract Performance and Traffic Manager d) Contract Performance and Traffic Manager	indicators being refreshed.

Title	Estates – Health & Safety Compliance
Audit Opinion	**Limited Assurance**
Date of report:	March 2017
Background & Context	The objective of this review was to assess the design and test the operating effectiveness of the key controls to support Health and Safety procedures for the estate owned or maintained by the London Borough of Barnet (the "Council"). In particular it looked at the controls in place to help ensure the following objectives are met: • Inspections: Health and safety inspections and risk assessments are carried out in line with legal and regulatory standards. Documentation of inspections is retained to demonstrate the performance of inspections to the required standard; and inspections are performed by appropriately experienced and qualified individuals. • Remedial work: Risks identified through inspections are addressed within an appropriate timeframe. • Governance: There is sufficient management oversight of health and safety activities to ensure compliance with responsibilities. The review has considered the risks outlined in the terms of reference and detailed in Appendix 4 and considered the period from 1 April 2016 to 31 October 2016. Limitations of Scope This audit has only covered the areas of scope outlined above on a risk based approach. Specifically we have not assessed the completeness of health and safety inspections across the estate portfolio, as there are known issues around the completeness of inspections and the contractor, Customer and Support Group (CSG), is currently taking action to resolve this issue. As part of this review we have considered the inspections that CSG have reported that they have undertaken to date to ensure that evidence has been retained to demonstrate the performance of all relevant checks and that issues identified as part of these processes have been managed appropriately.
Summary of Findings	Progress has been made in the year to clarify and confirm roles and responsibilities with regards to Estates health and safety functions. An agreement through change controls known as SPIR's 1 and 2 has been reached with CSG for operational responsibility for health and safety procedures to cover part of the non-Civic estate (c140 properties) as well as the Civic estate. A third SPIR to cover all the properties in the remaining estate has yet to be finalised and approved.

Title	Estates – Health & Safety Compliance
	The Civic estate comprises of 6 buildings used as offices by Council employees, including the North London Business Park, Barnet House and Mill Hill Depot, whilst the non-civic estate comprises of other buildings owned/managed by the Council such as schools, libraries and community centres and consists of c800 properties. A programme has been developed to ensure the compliance status of the full estate is systematically assessed and understood. This service programme work plan will also be used as an ongoing framework to ensure the frequency of health and safety risk assessments and inspections is understood by staff and can be clearly followed to support long term compliance. A central tracker system, called Info Exchange, is used to store evidence of all relevant health and safety procedures performed and to support the programming of health and safety activity. This will also support the service to achieve 'total' compliance going forward. Although examples of good practice have been noted a number of areas for further improvement have been identified through the review, mainly in relation to remedial work and governance. There are currently limited mechanisms in place to ensure that remedial work is undertaken within an appropriate timeframe and that it is performed by third party contractors to an adequate standard. In addition, although there is a performance reporting framework in place, with reports on estates compliance overseen by the council's Assets and Capital Board, the quality of the reporting requires improvement to ensure that effective oversight is being consistently maintained. This is important in ensuring that the Council can demonstrate it has fulfilled its responsibilities with regards to adequately managing its health and safety risks as duty holder for the corporate estate (both the civic and non-civic estates). This audit has identified 1 high, 4 medium and 2 low risk findings: • **Performance reporting (Finding 1, High)** The operational responsibility for performing these 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 and therefore needs to retain oversight of the operational performance of CSG and compliance across the estate. Although a report on the compliance status of the civic and the non-civic estates is generated for the monthly Assets and Capital Board (ACB) meetings, chaired and attended by Council management, the reports do not provide clear and useful data to enable Council management to have oversight and be provided with sufficient assurance over the compliance of the Estate. The ongoing reporting in relation to the compliance status for the non-civic estate is not sufficient to facilitate effective oversight. In addition a defined escalation protocol has not

Title	Estates – Health & Safety Compliance
	been formally established to ensure that emerging high risk health and safety issues identified are notified to relevant Council stakeholders and the Management team. • **Inspections (Finding 2, Medium)** In line with Council policies and procedures, the frequency of inspections required for each risk area has been set to ensure sufficient monitoring occurs to identify any issues in a timely manner. 5/20 (25%) inspections sampled were not performed within the defined timeframe. On average these 5 inspections were 2.4 months overdue. There was no specific reason for these timeframes not being met. It is noted that an exceptions report and a forward planner is run quarterly to identify overdue inspections and those due to expire in the next month and this is sent to the contractors and schools. • **Remedial works (Finding 3, Medium)** Currently expected timescales for commissioning and completing remedial work have not been defined and from our testing there were cases of long time periods between the inspection and obtaining a quote and completing the work. There are limited mechanisms in place to obtain assurance over the completion of remedial works or completion of works to an appropriate standard by third party contractors. Ad hoc checks are performed, however these checks are not evidenced and there is no defined sampling methodology to ensure sufficient coverage over works completed. In addition, evidence that remedial work has been completed, such as a repairs report, is not provided by schools. Instead schools provide only a confirmation that remedial work has been completed. • **Contracts (Finding 4, Medium)** The Council should have a contract in place with fixed term contractors to ensure that the terms and conditions on the performance of inspections and remedial work are agreed and to ensure that they have appointed competent contractors. The contracts in place also state that the use of sub-contractors is to be approved by the contract administrator. For 4/10 (40%) contractors tested a contract could not be located nor provided to internal audit. 2/10 (20%) contractors tested were sub-contractors and evidence that the contract administrator had approved the use of these sub-contractors could not be provided. • **Schools compliance schedule (Finding 5, Medium)** A compliance schedule is sent to the schools that are responsible for managing their own inspections and commissioning remedial work. The schedule is to be completed by the schools to enable CSG to have oversight of

Title	Estates – Health & Safety Compliance
	their compliance status. This exercise is currently done on an annual basis. The compliance schedules were sent in October 2016. Only 39 out of 141 schools had responded at the time of testing in December 2016. As at 6 February 2017 74 (52%) schools were yet to respond with details of their compliance. A tracker of responses is being maintained by CSG and schools are being chased for responses. However, there remains the issue that schools are not responding in a timely manner and thus the Council are not aware of their compliance status. Furthermore, there is no clear escalation protocol for reporting back to Council management those schools who are non-compliant or those schools who have not responded, although some level of non-compliance, where known, on the non-traded schools is provided in the ACB compliance status report produced by CSG.

Priority 1 agreed actions

1. Performance Reporting

Agreed actions	Responsible Officers	Deadline
a) 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. b) 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. c) 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. d) 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. e) 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.	Director of Estates, CSG Head of Estates, LBB	28 April 2017

Title	Dollis Junior School
Audit Opinion	**Limited Assurance**
Date of report:	March 2017
Background & Context	Dollis Junior School is a Foundation school with 334 pupils on role aged between 7 and 11 years of age. The School budget for 2016/17 is £2,188,601 with employee costs of £1,565,687 (72% of the delegated budget). The School was assessed as 'Good' by OFSTED in January 2015
Summary of Findings	As part of the audit we were able to give **'Limited'** assurance to the school, noting one high, two medium priority, and five low priority issues as part of the audit: • Budget Monitoring (High priority) – 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. The school prepared an annual budget for 2016/2017 which was approved by the Governors in March 2016. However, although a balanced budget was submitted for 2016/17, the school has forecast a deficit of £30,639 at 31 March 2017 and applied to LBB for a licensed deficit in February 2017. The deficit is attributable to an error in the budget set for 2016/17 and the inability to employ permanent teachers and teaching assistants leading to higher than budgeted staff agency costs. The Financial Guide for schools requires that monitoring and control should be a continuous process throughout the financial year. Monitoring reports did not promptly highlight variances from the budget so that investigations could be made and action taken. • Payroll – There should be documentation in school to prove that overtime claimed has been authorised by a member of the senior management team prior to entry into the online payroll system. Changes to the school business manager's salary should be formally approved; (Medium priority) • Voluntary funds –The school fund was last audited to March 2009. The school fund should have been audited annually until the closure of the account in December 2015; (Medium priority)
Priority 1 agreed actions	

Title	Dollis Junior School	
1. Budget Monitoring		
Recommendation The school should refer to the Financial Guide for Schools section 2.5 (Budget monitoring and control) for guidance. Where a lack of financial skills is identified in the governing body, action should be taken to recruit or obtain skills to fulfil its role of challenge and support in the field of budget management and value for money. **Management Response** This has been noted. The School had already set up a more rigours monitoring system since October 2016 and have worked tirelessly to 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.	**Responsible Officer** Finance Committee	**Deadline** Ongoing

4. Work in progress

The following work is in progress at the time of writing this report:

Table 2: Work in progress		
	Systems Audits	**Status**
1	Contract Management - Maintenance of Contracts Register	Draft Report
2	Non-Schools Payroll	Draft Report
3	Pensions Administration	Draft Report
4	Nursery Places – Free Early Education Funding*	End of Fieldwork
5	Safeguarding - Statutory Responsibilities - Children	End of Fieldwork
6	Section 106	End of Fieldwork
7	SWIFT to Mosaic Data Migration	Fieldwork
8	Contest Framework – Prevent	Fieldwork

* Joint Internal Audit & CAFT review

5. Implementation of Internal Audit recommendations

Shading	Rating	Explanation
	Implemented	The recommendation that had previously been raised as a priority one has been reviewed and considered implemented.
	Partly Implemented	Aspects of the original priority one recommendation have been implemented however the recommendation is not considered implemented in full.
	Not Implemented	There has been no progress made in implementing the priority one recommendation.

	Audit Title, Date and Recommendation	Deadline and Responsible Officer(s)	Agreed report actions	Outcomes of previous audit follow-up assessments (if applicable)	Implementation status

1	**Customer Support Group (CSG) – Invoicing and Monitoring Arrangements** **1. Contract monitoring – assurance activities** a) Management should undertake an exercise to understand the key controls in place within each of CSG's core processes. This could be achieved through review of the appropriate policy and procedure documents. b) Management should assess and document whether the controls in place are sufficient to mitigate the Council's key operational risks. c) Any control gaps identified in the first line of defence should be raised with Capita and where appropriate processes should be amended accordingly. d) Management should review and update the assurance framework document to ensure inclusion of the identified first line of defence activities. All key Second	**31 March 2017** Director of Commercial Director of Resources	Agreed	**<u>Audit Committee - 3 November 2016</u>** **Partly implemented:** The roles of commercial, finance and the SROs have been considered at a senior management workshop. A roles and responsibilities document, defining the roles of the Commercial team and SROs, has been drafted by the Director of Resources and is being agreed between the two teams. The Commercial team have recruited additional staff who can now support the three lines of defence model, for example developing a "deep dive" KPI/PI audit strategy, undertaking those deep dives and managing risks on an ongoing basis. Since the time of the audit there has been a review of the Council's risk management arrangements which included a complete update of the corporate risk register and associated CSG risks. Management confirmed that the overall governance of the CSG contract is being considered as part of the Year 3 Contract Review and that results from all the work completed to date - as well as the review - will feed into the lines of defence model with a revised version to be finalised in January 2017.	**Partly Implemented** A Roles and Responsibilities review is underway and is being led by the Commercial Director. This is being managed as a project and will look in detail at the roles of Senior Responsible Officers, Commercial team advice, contract management and finance. **Revised Implementation Date:** 31st July 2017

2	**IT Disaster Recovery - October 2016** **The CSG contract only supports IT service recovery during business hours. (Control design)**	**31 January 2017** Head of Information Management ICT Director (CSG)	a) Discussions have been taking place with CSG about extended out of hours support, and extended DR provision for critical services will be added into these proposal discussions. The target to resolve this is by the **end of January 2017**. The Council will undertake a risk assessment exercise to determine what services require out of hours DR support.	n/a - this is the first follow-up of this action	**Partly Implemented** An agreement on Out Of Hours Support has not yet been reached between the Council and CSG. A proposal was submitted by Capita but this was rejected by the Council and continued commercial negotiations are underway. **Revised implementation date:** 30th June 2017

3	**Re Operation Review - Phase 2: Operating Effectiveness of Controls January 2016** **Highways: ad hoc inspections – Control Design**	**31 March 2017** Commissioning Director of Environment Service Director, Highways, Re	Re will establish prioritisation criteria to be applied by the Customer Hub team to systematically assess the severity of a reported defect and to enable enquiries to be prioritised accordingly. These criteria will be shared and agreed with the Council. The Council and Re will agree an ongoing assurance mechanism to enable the Council to monitor the performance of ad hoc inspections. This will consist of the Council reviewing a sample of enquiries to assess the reasonableness of the assessment	n/a - this is the first follow-up of this action	**Partly Implemented** This is being picked up as part of the Re Fundamental Service Review (FSR). Timescales currently state "in a timely manner" i.e. at the discretion of the inspector. Re and the Council are working together through the FSR process to agree a more detailed set of parameters and working with the Hub to re-script their questions to understand the types of interventions being discussed. The FSR is due to have substantially completed by July 2017. **Revised implementation date:** 31 July 2017
			applied and assess whether		

4	**Statutory Complaints – Adults and Communities November 2016** **a) Learning from Complaints form**	**31 March 2017** Assistant Director Adult Social Care Assistant Director Community And Wellbeing	a) 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.	n/a - this is the first follow-up of this action	**Partly implemented** We found that 11 'upheld' or 'partially upheld' complaints had been closed during Q4 of 2016/17. We selected five of these complaints for testing. For one complaint we found that the Complaints and Information Manager had sent the Learning from Complaints form to the relevant Head of Service but it had not been completed and returned to the Complaints Manager. We consider that Learning from Complaints forms should be completed for all 'upheld' or 'partially upheld' complaints and therefore report this recommendation as being partially implemented. **Revised Implementation Date:** 30 June 2017

5	**Contract Management Toolkit Compliance - Mortuaries** **c) Service monitoring and payments**	**31st March 2017 (Quarter 4 2016/17)** Mortuaries Contract Manager	c) The Council will ensure that Mortuaries services are provided in line with requirements in advance of payment. Note that since the audit the Council have determined that the Commissioner for the service will be responsible for reviewing and approving in advance of payment	n/a - this is the first follow-up of this action	**Partly implemented.** The Head of Community Safety / Strategic Lead-Safer Communities is the Senior Responsible Officer (SRO) for the Mortuaries IAA and has been allocated the responsibility for the certification of the payment of the remaining 5% management fee and the 2016/17 breakdown of expenditure being done by Brent. Brent is expected to submit the year-end invoice in early April 2017 after which it will be reviewed by the Mortuaries Contract Manager and the SRO and certified by the SRO prior to payment. The certification of the invoice by the SRO is expected to take place prior to 20 April 2017. **Agreed action for full implementation:** Evidence of the above will be provided

6. Implemented actions

The following actions that had previously been agreed as a priority one have been reviewed and are now considered implemented or no longer applicable.

Audit Title, Date and Recommendation / Agreed Action
1. Grant Income - June 2015 - **Grant Identification**
2. Accounts Payable - December 2015 - **New Supplier Forms –** no longer applicable
3. IT Disaster Recovery - October 2016 - **Alignment of BCM recovery requirements with ITDR capability – Bandings**
4. IT Disaster Recovery - October 2016 - **ITDR Governance**
5. IT Disaster Recovery - October 2016 - **Alignment of BCM recovery requirements with ITDR capability – Regular Engagements**
6. Insurance - October 2016 - **Third party insurance arrangements- Contractor liability - Contract manager's responsibility for liaising with the Insurance Team**
7. Insurance - October 2016 - **Third party insurance arrangements- Contractor liability - Service Responsibility document**
8. Insurance - October 2016 - **Third party insurance arrangements- Contractor liability - Re**
9. Regional Enterprise (Re) Invoicing and Monitoring Arrangements – **Deep Dives**
10. Contract Management Toolkit Compliance - Mortuaries - **Service monitoring and payments – Targets for performance indicators**
11. Contract Management Toolkit Compliance - Mortuaries - **Service monitoring and payments – Frequency of performance reporting**
12. Statutory Complaints – Adults and Communities - November 2016 - **Lessons Learned - Reviews of serious or complex complaints**
13. Statutory Complaints – Adults and Communities - November 2016 - **Lessons Learned – Documentation and communication**
14. Re Operation Review - Phase 1 - **Alignment to Counter-Fraud Framework (Medium priority) – Anti-Fraud Training Module**
15. Re Operation Review - Phase 1 - **Alignment to Counter-Fraud Framework (Medium priority) – co-operation between CAFT and Re**

7. Internal Audit effectiveness review

Performance Indicator	Target	End of Quarter 4
% of plan delivered	95%	91%
Number of reviews due to commence vs. commenced in quarter	95%	100%
% of reports year to date achieving: • Substantial • Satisfactory / Reasonable • Limited • No Assurance • N/A	N/A	 8% 67% 7% - 18%
Number / % of Priority 1 recommendations: • Implemented • Partly implemented • Not implemented • No longer applicable in quarter when due	90%	 70% 25% 0% 5%

Key:

Target met
Target not met
N/A

Implementation of internal audit recommendations – as per section 7 above, the progress of the 20 high priority recommendations / actions due for implementation in quarter 4 is that 70% of recommendations have been fully implemented compared to a target of 90%.

A summary of the status is as follows:

Status	Number	%
Implemented	14	70%
Partly Implemented	5	25%
Not implemented	0	0%
No longer applicable	1	5%
Total	**20**	**100**

8. Changes to our plan

Since the Internal Audit Plan was agreed in April 2016 there have been changes to audits originally planned for Q4 as follows:

Type	Audit Title	Reasons
Deferred	Capital Development Pipeline - Re projects - Lessons Learnt	This relates to mixed tenure housing on General Fund land which was surplus to requirements. The Outline Business Case for this was approved by Assets, Regeneration and Growth Committee (ARG) on 1 June 2015. That approach was proved not to be deliverable and a revised approach is being brought to ARG for approval on 24th April. If the revised approach is agreed, Internal Audit will follow-up in 2017/18 to confirm that the appropriate project controls are in place.

9. Risk Management

The performance report for Quarter 3 2016/17 was presented to the Performance and Contract Monitoring Committee on 27th February 2017. Appendix J to the report is the Quarter 3 corporate risk register and can be found via the link below:

http://barnet.moderngov.co.uk/documents/s38191/Appendix%20J%20-%20Corporate%20Risk%20Register%20PCM%20Q3%20PCM%20FINAL.pdf

As highlighted in the Quarter 1 Internal Audit update the Interim Chief Executive commissioned a thorough review of the risk management across the organisation. This review provided a timely opportunity to put the organisation's approach to risk management under closer scrutiny, especially from Members, providing an opportunity to reflect again on current practice and implement more extensive improvements and changes to our Council-wide approach.

The updated Risk Management Framework was discussed and noted at the 5th January 2017 Performance and Contract Monitoring Committee meeting and can be found here:

http://barnet.moderngov.co.uk/documents/s37000/Appendix%20A%20-%20Risk%20Management%20Framework.pdf

Appendix A: Definition of risk categories and assurance levels

Findings rating	Description
Critical 40 points per finding	Immediate and significant action required. A finding that could cause: • Life threatening or multiple serious injuries or prolonged work place stress. Severe impact on morale & service performance (eg mass strike actions); or • Critical impact on the reputation or brand of the organisation which could threaten its future viability. Intense political and media scrutiny (i.e. front-page headlines, TV). Possible criminal or high profile civil action against the Council, members or officers; or • Cessation of core activities, strategies not consistent with government's agenda, trends show service is degraded. Failure of major projects, elected Members & Senior Directors are required to intervene; or • Major financial loss, significant, material increase on project budget/cost. Statutory intervention triggered. Impact the whole Council. Critical breach in laws and regulations that could result in material fines or consequences.
High 10 points per finding	Action required promptly and to commence as soon as practicable where significant changes are necessary. A finding that could cause: • Serious injuries or stressful experience requiring medical many workdays lost. Major impact on morale & performance of staff; or • Significant impact on the reputation or brand of the organisation. Scrutiny required by external agencies, inspectorates, regulators etc. Unfavourable external media coverage. Noticeable impact on public opinion; or • Significant disruption of core activities. Key targets missed, some services compromised. Management action required to overcome medium-term difficulties; or • High financial loss, significant increase on project budget/cost. Service budgets exceeded. Significant breach in laws and regulations resulting in significant fines and consequences.
Medium 3 points per finding	A finding that could cause: • Injuries or stress level requiring some medical treatment, potentially some workdays lost. Some impact on morale & performance of staff; or • Moderate impact on the reputation or brand of the organisation. Scrutiny required by internal committees or internal audit to prevent escalation. Probable limited unfavourable media coverage; or • Significant short-term disruption of non-core activities. Standing orders occasionally not complied with, or services do not fully meet needs. Service action will be required; or • Medium financial loss, small increase on project budget/cost. Handled within the team. Moderate breach in laws and regulations resulting in fines and consequences.
Low 1 point per	A finding that could cause: • Minor injuries or stress with no workdays lost or minimal medical treatment, no impact on staff morale; or • Minor impact on the reputation of the organisation; or

finding	• Minor errors in systems/operations or processes requiring action or minor delay without impact on overall schedule; or • Handled within normal day to day routines; or • Minimal financial loss, minimal effect on project budget/cost.
Advisory 0 points per finding	An observation that would help to improve the system or process being reviewed or align it to good practice seen elsewhere. Does not require a formal management response.

Level of assurance	Description
No 40 points or more	There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.
Limited 18– 39 points	There are a number of significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are High recommendations indicating significant failings. Any Critical recommendations would need to be mitigated by significant strengths elsewhere.
Reasonable 7– 17 points	An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are Medium priority recommendations indicating weaknesses but these do not undermine the system's overall integrity. Any Critical recommendation will prevent this assessment, and any High recommendations would need to be mitigated by significant strengths elsewhere.
Substantial ✓✓✓ 6 points or less	There is a sound control environment with risks to key service objectives being reasonably managed. Any deficiencies identified are not cause for major concern. Recommendations will normally only be Advice and Best Practice.