



Audit Committee

14 July 2021

Title	Internal Audit Exception Recommendations Report and Q1 Progress Report 1st April to 30th June 2021
Report of	Head of Internal Audit
Wards	Not applicable
Status	Public
Urgent	No
Key	No
Enclosures	Appendix 1 - Internal Audit Quarter 1 Progress Report (1 st April to 30 June 2021) Appendix 2 – Internal Audit Charter, July 2021
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Summary

Members are asked to note the progress against internal audit recommendations and work completed to date on the Internal Audit & Corporate Anti-Fraud Team (CAFT) Plan 2021/22 and high and medium priority internal audit recommendations.

Work has been undertaken to progress and complete Internal Audits that were underway at the start of Q1, a number of which had been delayed from the previous quarter (2020-21, Qtr 4) due to on-going disruption from the COVID19 pandemic on service delivery across the council.

During Q1, the service completed 12 reviews. There was one report issued with a 'No' Assurance rating and one report issued with a 'Limited' Assurance rating in this period:

No Assurance	Limited Assurance
<ul style="list-style-type: none"> Danegrove school 	<ul style="list-style-type: none"> Finance Global Design Principles – Accounts Receivable

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>

High and Medium Priority follow-ups

During Q1, we followed up on high and medium priority actions with an implementation date of 30th June 2021 or sooner.

A total of 35 high priority and 27 medium priority actions were followed up in this period.

We have currently confirmed 61% actions as implemented. This is below the target of 90% of actions being implemented within agreed timeframes. A number of actions relating to the Land Charges - Review of Planning Data Controls and Policies audit are not yet fully implemented, which is reflected in the % being lower than the target. This is covered in more detail in the report.

In general, progress has been made where possible and the outturn should be viewed in the context of services prioritising their response and recovery activity and the ongoing need to focus on the COVID response.

High priority actions: Follow-up Summary	Total	Implemented	Superseded by Follow- Up	In progress	Not Implemented
Total Number of Actions Tested	35	16	0	17	2
Medium priority actions: Follow-up Summary	Total	Implemented	Superseded by Follow- Up	In progress	Not Implemented
Total Number of Actions Tested	27	21	1	5	0
Total actions followed up in Q1 (High and Medium)	62	37	1	22	2
%		61%		36%	3%

Other Matters

The report also includes an update on the following matters:

- Land Charges - Review of Planning Data Controls and Policies
- Public Sector Equality Duty
- COVID19 Grant Allocations

Internal Audit Charter

An update to the Internal Audit Charter is also presented as Appendix 2. The Charter was first approved in July 2013, revised in April 2015, July 2016, April 2017 and July 2018. This is the fifth revision.

The Internal Audit Charter sets out the Internal Audit service vision and clarifies the role and responsibilities of the London Borough of Barnet Internal Audit Service and the audited services. It underpins the Audit Strategy & Annual Plan approved by the members of the Audit Committee.

In line with the requirements of the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit will periodically review this Charter and present it to senior management (defined as the Council Management Team) and the board (defined as the Audit Committee) for approval. No significant changes have been made compared to the previous version of the Charter, dated July 2018.

Recommendations

- 1. That the Committee note the work completed to date on Internal Audit Q1 progress report - 1st April to 30th June 2021.**
- 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 overall progress made against the 2021-22 Internal Audit Plan and the high and medium priority recommendations made. In addition, the Audit Committee can inquire of Directors and Assistants Directors as to their progress against recommendations.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The Audit Committee were presented the Internal Audit Plan 2021-22 at the April 2021 Committee meeting for approval. This report notes the progress against that plan and progress against high priority recommendations.

2.2 The change in approach, whereby a sample of medium priority audit actions will be followed up and the outcome reported to Audit Committee, has led to a change to the Internal Audit Charter.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 Not relevant.

4. POST DECISION IMPLEMENTATION

4.1 The Internal Audit Plan 2021-22 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 2020-2024, 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 internal audit findings are analysed alongside finance and performance information it can provide management with the ability to assess value for money.

5.2.2 The Internal Audit Plan 2021-22 agreed by the Audit Committee is being achieved from Internal Audit's current budget.

5.3 Social Value

5.3.1 None in the context of this decision

5.4 Legal and Constitutional References

5.4.1 There are no legal issues in the context of this report.

5.4.2 Article 7 of the Council's Constitution, the Audit Committee terms of reference paragraph 2 states that the Committee can consider summaries of specific internal audit reports as requested.

5.5 Risk Management

5.5.1 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.

5.5.2 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.

5.6 Equalities and Diversity

5.6.1 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.

5.7 Corporate Parenting

5.7.1 None in the context of this decision

5.8 Consultation and Engagement

5.8.1 Not applicable

5.9 Insight

5.9.1 None in the context of this decision

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>

6.5 Audit Committee 28 April 2021 (Decision Item 8) – the Audit committee approved the Internal Audit and Anti-Fraud Strategy and Annual Plan 2021-22.

<https://barnet.moderngov.co.uk/documents/s64733/Internal%20Audit%20Anti-Fraud%20Strategy%20and%20Annual%20Plan%202021-22.pdf>