



Audit Committee

16th June 2022

Title	Internal Audit Exception Recommendations Report and Q4 Progress Report 1st January to 31st March 2022
Report of	Executive Director of Assurance Head of Internal Audit
Wards	N/A
Status	Public
Urgent	No
Key	Yes
Enclosures	Appendix 1- Internal Audit Q4 progress report (1st January to 31 st March 2022)
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Summary

The Audit Committee are requested to note the progress against internal audit recommendations and work completed to date on the Internal Audit Plan 2021-22 and high and medium priority internal audit recommendations.

The Audit Committee formally approved the Internal Audit Plan for Q3 and Q4 of 2021-22 on 15th December 2021, following a verbal update to Committee members on 13th October.

During Q4, the service completed 9 reviews and at that time had delivered 90% of our annual internal audit programme for 2021/22. This is below the target of 95%.

There were no 'limited' or 'no' assurance reports issued in this period.

Q4 Follow-Ups

During Q4, the Internal Audit service followed up on high and a sample of medium priority actions with an implementation date of 31st March 2022 or sooner.

A total of 10 high priority and 5 medium priority actions were followed up in this period.

In Q4 the Internal Audit service confirmed the following:

High priority actions: Follow-up Summary	Total	Implemented	In progress	Not Implemented	Due but not yet tested*
Total Number of Actions Tested	27 (10 followed up in Q4)	5	5	-	17
Medium priority actions: Follow-up Summary	Total	Implemented	In progress	Not Implemented	Due but not yet tested*
Total Number of Actions Tested	9 (5 followed up in Q4)	2	3	-	4
Total actions followed up in Q4	15	7	8	-	-
		47%	53%	-	-

At the end of Q4 the Internal Audit service had confirmed 47% high and medium rated actions as implemented or superseded at follow-up. The total was therefore below the target of 90%.

Other Matters

QL Housing System follow-up

At the time of writing the Q4 report, the follow-up work on this review had not been undertaken as noted above. The follow-up work was subsequently completed in April and May and the outcome is summarised here for the Committee. The detailed outcome will be formally reported within the Q1 Progress report.

5 actions have been completed and 4 actions are In Progress. Internal Audit have confirmed that:

- The responsible officers have taken steps to improve the process of analysing and reconciling property movements in the QL System, such as the introduction of a detailed year-end property reconciliation.

- There have been enhancements in the level of accountability and ownership within the testing of property movements, and processing these on the QL system through formally documented process maps.
- Additional functionality on the QL system has been utilised to enable more efficient review of property status changes month on month.

Going forward, the responsible officers should ensure that these activities continue to be performed on an appropriately frequent basis. Revised deadlines of the end of August have been agreed to enable the year-end process to have been completed.

Land Charges Review of Planning Data Controls and Policies follow-up

At the time of writing the Q4 report, the follow-up work on this review had not been undertaken as noted above. The follow-up work was subsequently completed in April and May and is summarised here for the Committee. The outcome will be formally reported within the Q1 Progress report.

9 actions are in Progress and 4 have not yet been implemented. The land charges follow-up review identified that the following progress has been made:

- Data custodians have been identified and engaged with, and most of their data assets have been assigned to them. Training sessions with the data custodians have been held explaining their role in the management of land charges data, which has been led by Re.
- The draft dataset overview documents have been completed. These documents show the charge type for each HM Land Registry (HMLR) category, a list of planning and building regulation questions and answers, and the data custodians that the data assets are mapped to. This work has been led by Re.
- The Data Management Framework has been completed. This document outlines the overall vision on data management within the Council, including the roles and responsibilities during the data lifecycle. However, outstanding tasks include mapping the remaining data assets to the appropriate data custodians, completing automation plans that will be used to improve the quality of data from the Public Protection and Highways processes and launching the Data Management Framework throughout the Council and with Capita colleagues. Delays caused by dependencies on HMLR have led to actions regarding the development of data quality metrics not being started; the latest update from HMLR is that work will start in June 2022, however this is purely dependent on the availability of HMLR.

Danegrove School follow-up

As previously reported to the Committee in July 2021 and in subsequent meetings, Danegrove School received a No Assurance audit rating in May 2021. The Schools Auditor is continuing to work with the school to assess progress against the agreed actions which were due to have been completed by the end of April. A follow-up visit has been booked with the school for after the half-term break and a verbal update will be given to the Audit Committee.

Limited Assurance reports issued since the end of Q4

There have been three Limited Assurance reports that have been issued since the end of Q4. These reviews are reflected within the 2021/22 Head of Internal Audit Annual Opinion and will be reported in detail within the Q1 Progress Report. The reviews are:

- Premises, Licensing and Gambling
- Private Residential Blocks – Fire Safety
- Coppetts Wood School

Recommendations

That the Audit Committee note the work completed to date on the internal audit Q4 report – 1st January to 31st March 2022

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 approved the Internal Audit Plan 2021-22 in April and December 2021 and this report notes the progress against that plan and progress against high and medium 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 remaining work on the Internal Audit Q3 & Q4 Plan will be delivered as part of the 2022/23 Internal Audit Plan and progress against the plan reported to the Audit Committee at future meetings throughout the year.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 All internal audit planned activity in 2021-22 was aligned with the Council's objectives set out in the Corporate Plan 2021-25, and thus supported 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.

5.1.2 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.

5.1.3 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.

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

5.2.3 The proposed plan 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 The Council's Constitution (Article 7) sets out the terms of reference for Committees. The responsibilities for the Audit Committee include providing "independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment and to oversee the financial reporting process.

5.4.2 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. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk. 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 and include a statement reporting on the review with any published Statement of Accounts (England)'.

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 N/A

5.9 Insight

5.9.1 None in the context of this decision

6. ENVIRONMENTAL IMPACT

6.1 Not relevant to this report.

7. BACKGROUND PAPERS

7.1 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 for Q1 and Q2.

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=144&MId=10214&Ver=4>

6.6 Audit Committee 15 December 2021 (Decision Item 9) – the Audit Committee approved the Internal Audit Plan 2021-22 for Q3 and Q4.

<https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=144&MId=10998&Ver=4>