

# Internal Audit – London Borough of Barnet

Appendix 1



## ***Internal Audit Q2 Progress Report 1 July – 30 September 2022***



*Cross Council Assurance Service*

## 1.0 Summary

### 1.1 Purpose of this report

1.1.1 We are committed to keeping the Audit Committee up to date with Internal Audit progress and activity throughout the year. This summary has been prepared to update you on our activity since the last meeting of the Audit Committee and to bring to your attention any other matters that are relevant to your responsibilities.

### 1.2 Progress against the 2022/23 internal audit plan

1.2.1 We have completed 8 reviews in this current period and to date have delivered 53% of our combined 2022/23 annual internal audit programme. This is above the target of 49%.

Please see Appendix A for further narrative on our performance indicators (PIs).

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

### 1.3 Findings of our Follow Up Work

1.3.1 We have commenced follow up work on all **high priority actions** with an implementation date of 30 September 2022 or sooner. We have had discussions with management on the progress made in implementing actions falling due in this period and have sought evidence to support their response.

A total of 15 high priority actions have been followed up in Q2:

- 3 actions have been confirmed as implemented (20%);
- 9 have been partially implemented (in Progress) (60%);
- 3 have not been implemented (20%)

Critical and High priority actions: Follow-up Summary	Total	Implemented	In progress	Not Implemented
Total Number of Actions Tested	15	3	9	3

1.3.2 We also follow-up a sample of medium priority actions to confirm implementation.

A total of 21 medium priority actions have been followed up in Q2:

- 8 actions have been confirmed as implemented (39%);
- 10 have been partially implemented (47%); and
- 3 actions have not been implemented (14%)

<b>Medium priority actions: Follow-up Summary</b>	<b>Total</b>	<b>Implemented</b>	<b>In progress</b>	<b>Not Implemented</b>
Total Number of Actions Tested	21	8	10	3
<b>Total actions followed up in Q2</b>	<b>36</b>	<b>11</b>	<b>19</b>	<b>6</b>
%	100%	<b>31%</b>	<b>52%</b>	<b>17%</b>

In total, only 31% of actions followed up in Q2 have been confirmed as implemented at this time, which is well below the target of 90%. A verbal update will be given to Audit Committee if any evidence of further progress is provided.

Progress against audit actions is summarised in more detail in Section 4.

#### **1.4 Recommendations**

- That the Audit Committee notes the progress made against our 2022/23 Internal Audit Programme.

## 2.0 Progress against plan

The table below represents a summary of the work that we have completed during the period 1<sup>st</sup> July 2021 to 30<sup>th</sup> September 2022 or that is currently underway.

Stage	Name of review	Report classification	Total findings	Ratings				
				Critical	High	Medium	Low	Advisory
<b>Q2 – 1 July – 30 September 2022</b>								
Complete	Finance Global Design Principles – Investment Appraisal	Reasonable	7	-	-	3	4	-
Complete	Expenses	Reasonable	4	-	-	2	-	2
Complete	Green Waste	Reasonable	2	-	-	2	-	-
Complete	Whitings Hill School	Reasonable	9	-	-	5	4	-
Complete	Follow-up - Private Residential Blocks - Fire Safety	Partially Implemented	-	-	-	-	-	-
Complete	BEIS COVID grants post-payment assurance - Additional Restrictions Support Grant	Substantial	-	-	-	-	-	-
Complete	Supporting Families Programme – Payment by Results Q2	N/A						
Complete	BSOG Devolved LTA funding 2021/22 - Due 30 September	N/A						

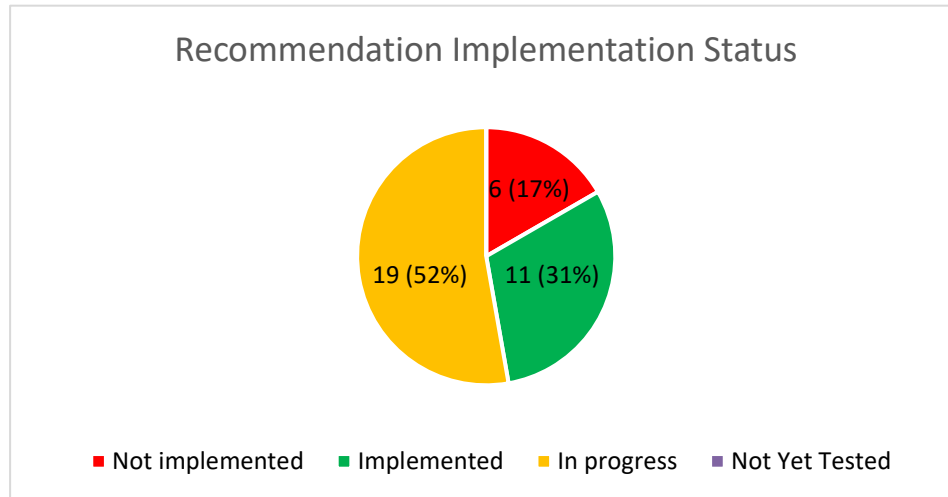
Total findings in Q2			<b>22</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>8</b>	<b>2</b>
Draft Report	Risk Management	TBC						
Draft Report	Homes for Ukraine	TBC						
Draft Report	CAFT - Review of Fighting Fraud & Corruption Locally (FFCL) self-assessment	TBC						
Fieldwork	Staff Conduct Standards Compliance	TBC						
Fieldwork	Parking – PCN Debt Recovery & Write offs	TBC						
Fieldwork	Kickstart Programme	TBC						
Fieldwork	Disabled Facilities Grant – Risk Based Audit of Processes	TBC						
Fieldwork	Compulsory Purchase Orders and Emergency CHAPS Payments	TBC						
Fieldwork	Integra & HR Core Replacements - Advisory	TBC						
Fieldwork	Contract Management Toolkit compliance	TBC						
Fieldwork	Friern Barnet School	TBC						
Planning	Registrars	TBC						
Planning	Planning Service	TBC						

Planning	Building Control	TBC						
Planning	Starters-Leavers-Movers (SLaM) follow-up	TBC						
Planning	National Non-Domestic Rates (NNDR)	TBC						
Planning	Project Management Toolkit compliance	TBC						
Planning	Pension Contributions	TBC						
Planning	Recruitment - Pre-employment checks inc. Right To Work	TBC						
Planning	Goldbeaters School	TBC						
Planning	St James' Catholic High School	TBC						
Planning	Sacred Heart School	TBC						

## 3.0 Follow Up

### 3.1 Summary

3.1.1 The wheel below demonstrates how many critical, high and medium priority actions due this period have been confirmed as being implemented, in progress, not implemented or have not yet been tested.



### 3.2 Outstanding actions

3.2.1 During this period we followed up 15 high priority and 21 medium priority actions due by 30 September 2022. 11 actions are confirmed as implemented, whilst a further 19 are in progress. 6 actions have not been implemented.

\* At the request of the Audit Committee a column has been added to show how many times the action has slipped i.e. not been implemented within the agreed timeframe. The colour key is as follows:

White = 1 (i.e. first-time non-implementation being reported)

Amber = 2 (i.e. second time non-implementation being reported)

Red = 3+ (i.e. at least third time non-implementation being reported)

### 3.2.2 Outstanding High priority actions

	Name of report	Agreed Action	Status (Not Implemented / In Progress / Due but not yet tested)	Owner	Due Date	Slippage*
<b>Strategic Director: Deputy Chief Executive</b>						
1.	Land Charges - Review of Planning Data Controls and Policies  <b>December 2020</b>	1.3. We will define and implement a strong data governance framework that can be applied across Council services to sustain data quality, ensuring existing policies such as the Data Quality Standard are embedded within teams. This should include: a) A vision and strategy including objectives and priorities b) An operating model including defined roles and responsibilities c) Change management	<b>Reasonable Progress</b>  <b>Revised due date:</b> Due to changes in staffing and contract delivery arrangements, due dates are being revised.  31 March 2023	Head of Organisational Insight & Intelligence, LBB	31/3/21 then 31/10/21 then 31/3/22 then 30/9/22	4



		including communication, awareness and training d) Monitoring including metrics and KPIs.				
2.	Land Charges - Review of Planning Data Controls and Policies  <b>December 2020</b>	2.1 We will define appropriate roles and responsibilities for the data used within the LLC process (including data owners).	<b>Reasonable Progress</b>  <b>Revised due date:</b> Due to changes in staffing and contract delivery arrangements, due dates are being revised.  31 March 2023	Transformation Manager, Re	31/3/21 then 31/01/22 then 30/9/22	3
3.	Land Charges – Review of Planning Data Controls and Policies  <b>December 2020</b>	2.6. We will develop a communication plan to present and share data quality initiatives and sustaining activities between the different teams.	<b>Reasonable Progress</b>  <b>Revised due date:</b> Due to changes in staffing and contract delivery arrangements, due dates are being revised.  31 March 2023	Transformation Manager, Re  Update: now Head of Organisational Insight & Intelligence, LBB	31/3/21 then 31/10/21 then 31/3/22 then 30/9/22	4
4.	Local Land charge output review  <b>August 2022</b>	1a) Local Land Charge Team and Finance will review their arrangements	<b>Partly completed – Reasonable Progress</b>  Land Charges and Finance have held a number of meetings to ascertain the exact process and how	Finance Manager - Resources, LBB  Group Manager – Private Sector,	30/9/2022	1

		<p>regarding reconciliations of payments made for LLC searches to ensure there is clarity regarding money paid to the Council, and there is a full audit trail of this process. The review will include documenting how the budget holder is notified that the monies expected have been accounted for in Integra. This will be documented in a process note.</p>	<p>payments are handled between finance and LLC. Good progress has been made and has provided initial reassurance.</p> <p><b>Revised Due date:</b> 31 October 2022</p>	<p>Housing &amp; Local Land Charges, Re</p>		
5.	<p>Local Land charge output review</p> <p><b>August 2022</b></p>	<p>1b) A flow chart will be created clearly detailing how the income from different LLC searches is received by the Council and then treated once the payment has</p>	<p><b>Not Completed</b> A flow chart will be created as soon as the process with finance is confirmed. A number of meetings have taken place and good progress has been made, as noted above.</p> <p><b>Revised Due date:</b> 31 October 2022</p>	<p>Finance Manager - Resources, LBB</p> <p>Group Manager – Private Sector, Housing &amp; Local Land Charges, Re</p>	30/9/2022	1

		been accounted for.				
6.	Local Land charge output review  August 2022	1c) Any remaining monies including the £65k identified during the course of the audit, which was not accounted for within Integra will be pursued	<p><b>Partly completed – Reasonable Progress</b></p> <p>It seems at this stage that any missing funds identified by audit may be a result of VAT being removed before the funds are counted in Integra. Note, LLC report gross. Finance to pursue this with the VAT expert.</p> <p><b>Revised Due date:</b> 31 October 2022</p>	Finance Manager - Resources, LBB  Group Manager – Private Sector, Housing & Local Land Charges, Re	30/9/2022	1
<b>Strategic Director: Executive Director of Assurance</b>						
7.	Premises, Licensing and Gambling  May 2022	1a) The team will produce an inspection timetable that will enable the council to ensure that licences are not misused, and clients who have not paid their invoices are not using their licences.	<p><b>Not Completed</b></p> <p>A risk rating scheme will be produced to ensure that licenced premises are inspected at a frequency appropriate to the level of risk posed. Once this is available the service will consult with LBB as to its suitability and how this is matched to the resources available in the team.</p> <p><b>Revised Due date:</b> 30/11/2022</p>	Group Manager: Regulatory Services - Regulatory Services	30/8/2022	1
8.	Premises, Licensing and Gambling	1b) Inspection reports will be documented,	<p><b>Not Completed</b></p> <p>As above.</p>	Group Manager: Regulatory Services - Regulatory Services	30/8/2022	1

	May 2022	signed by the inspector and the reviewer and be uploaded onto the database for future reference.	<b>Revised Due date:</b> 30/11/2022			
9.	Premises, Licensing and Gambling  May 2022	2a) Management will review the debtors and ensure that unrecoverable debts are written off to ensure accuracy of the debt lists.	<b>In Progress</b>  Management have confirmed that work is progressing on reviewing the current debtors list to remove bad debt from the list. Internal Audit will review evidence to confirm this work has been completed.  <b>Revised Due date:</b> 30/11/2022	Group Manager: Regulatory Services - Regulatory Services	30/8/2022	1
10.	Premises, Licensing and Gambling  May 2022	2b)The PLG team will review the 64 cases of re-issued invoices and ensure that surrendered or cancelled licences are removed from the database to eliminate the re-occurrence of these erroneous invoices.	<b>In Progress</b>  Management have confirmed that all 64 invoices identified have either been credited or are pending credit note approval. Internal Audit will review evidence to confirm this work has been completed.  <b>Revised Due date:</b> 30/11/2022	Group Manager: Regulatory Services - Regulatory Services	30/8/2022	1
11.	Premises, Licensing and Gambling	2c) Any customers whose invoice is cancelled,	<b>Reasonable Progress</b>  Management confirmed that action has been implemented and that procedures have been written to	Group Manager: Regulatory Services - Regulatory Services	30/8/2022	1



1.	Private Residential Blocks – Fire Safety	01/05/2022	4	Absence of a fire safety management policy	We will draft a fire safety management policy in relation to private residential blocks. This will be discussed at the Fire Safety Group and will be reviewed by HBPL prior to formal sign off at the Housing and Growth Committee.	Private Sector Housing Manager (Re) and Head of Housing and Regeneration	30/09/22	<p><b>In Progress</b></p> <p>Work has been undertaken to review the Fire Safety Management Policies from other authorities. It appears that such a policy was already in place in Barnet at the time of the audit. This is now being reviewed to confirm its sufficiency.</p> <p>If the document is found to be satisfactory or amendments are required, these will be completed and formal sign off of this aspect obtained at the Housing and Growth Committee on 16th November, as part of the scheduled Fire Safety Update.</p> <p><b>Revised due date:</b> 16th November 2022</p>
2.	Commercial Rents and Leases Renewal Audit  <b>August 22</b>	12/08/2022	8a	Process and Procedures:	The Rent Review by Contractor CSG and Rent Review In-House CSG Estates processes will be formalised and	CSG Head of Property Services and Valuation	31/8/22	<p><b>In Progress</b></p> <p><b>Revised due date:</b> 31 December 2022</p> <p>Management have confirmed that RICS</p>

					version-controlled as appropriate.			procedures are in use. Head of Property and Portfolio Management to provide procedure document.
3.	Commercial Rents and Leases Renewal Audit  <b>August 22</b>	12/08/2022	8b	Process and Procedures:	The Head of Property Services and Valuation will produce a word version of the procedures for reference purposes, and to reduce the risk of knowledge loss or gaps in knowledge if experienced staff leave the team.	CSG Head of Property Services and Valuation	30/09/2022	<b>In Progress</b>  <b>Revised due date:</b> 31 December 2022  Management have confirmed that RICS procedures are in use. Head of Property and Portfolio Management to provide procedure document.
4.	Premises, Licensing and Gambling	30/05/2022	3a	Comprehensive Licensing – Data update	a) A timetable will be agreed for ensuring the ongoing update of the database. This will involve updating information related to surrendered licences, cancelled licences, or transferred licences.	Group Manager: Regulatory Services	30/08/2022	<b>In Progress</b>  Management have confirmed that the database is updated on receipt of information from licence holders. Officers have been trained on how to update new licence holder details in the finance system and on Uniform. A reconciliation of these updates against notifications that have been received will be carried out by the end of October 2022.

								<b>Revised due date:</b> 31 October 2022
5.	Premises, Licensing and Gambling	30/05/2022	3b	Comprehensive Licensing – Data update	b) The PLG team will ensure that the Uniform database is reconciled annually to confirm that all surrendered and cancelled licences have been removed.	Group Manager: Regulatory Services	30/08/2022	<b>Not Completed</b>  Currently the service do not carry out whole-scale review of the licensing database due to the size of the task and the resources required.  <b>Revised due date:</b> 31 December 2022
6.	Premises, Licensing and Gambling	30/05/2022	3c	Comprehensive Licensing – Data update	c) The reconciliation documents will be signed by the officer that reconciled it and the senior officer that reviewed the correctness of the process.	Group Manager: Regulatory Services	30/08/2022	<b>In Progress</b>  Management confirmed that work is currently progressing on GDPR compliant retention periods.  <b>Revised due date:</b> 31 December 2022
7.	Premises, Licensing and Gambling	30/05/2022	3d	Comprehensive Licensing – Data update	d) PLG management will confirm resourcing for the data cleanse and will consider giving higher priority to it i.e. sooner than within the planned 6 months, to ensure accuracy of the information and the invoicing process.	Group Manager: Regulatory Services	30/08/2022	<b>In Progress</b>  Management have confirmed they are scoping this work and will then approach IDOX for a quote.  <b>Revised due date:</b> 31 December 2022



8.	Premises, Licensing and Gambling	30/05/2022	4a	Invoices and Payments: Debt Recovery	a) The Premises Licensing and Gambling team will implement a process to provide authorisation for the AR team every month to take recovery action against unpaid invoices when the premises cease trading.	Group Manager: Regulatory Services	30/07/2022	<p><b>In Progress</b></p> <p>A week of action is being arranged where licensing officers will be visiting suspended premises to bring inline any that are still trading by making them pay their fees that suspended their licence.</p> <p><b>Revised due date:</b> 31 December 2022</p>
9.	Premises, Licensing and Gambling	30/05/2022	4b	Invoices and Payments: Debt Recovery	b) The PLG team will ensure that all cancelled and surrendered licences are removed from its database and customers are not invoiced in subsequent years.	Group Manager: Regulatory Services	30/07/2022	<p><b>In Progress</b></p> <p>Management confirmed that the database is now being updated to show surrendered and suspended licences. The procedure note for this process will be updated by the end of December 2022.</p> <p><b>Revised due date:</b> 31 December 2022</p>
10.	Premises, Licensing and Gambling	30/05/2022	4c	Invoices and Payments: Debt Recovery	c) The PLG team will inspect the 19 sites where invoices have been returned as 'Gone away'.	Group Manager: Regulatory Services	30/06/2022	<p><b>Not Completed</b></p> <p>The licensing team will ensure that these 19 premises are visited during the week of action referred to above.</p> <p><b>Revised due date:</b> 31 December 2022</p>

11.	Premises, Licensing and Gambling		5a	Policies and Procedures – Documentation and Version Control	a) The Group Manager will ensure that the Gambling process and procedure is updated and approved.	Group Manager: Regulatory Services	31/08/2022	<b>In Progress</b> Management confirmed that headway has been made in identifying the gaps in the Gambling Procedures.  <b>Revised due date:</b> 31 December 2022
12.	Premises, Licensing and Gambling		5b	Policies and Procedures – Documentation and Version Control	b) Management will complete the review of all the procedures and update them accordingly.	Group Manager: Regulatory Services	31/08/2022	<b>In Progress</b> Management confirmed that work has started in relation to the updating of all the procedure in place for the licensing team, and that management sign off and version numbers have been added to all revised procedures  <b>Revised due date:</b> 31 December 2022
13.	Premises, Licensing and Gambling	30/05/2022	5c	Policies and Procedures – Documentation and Version Control	c) Management will document roles and responsibilities in the current Premises, Licensing and Gambling operation.	Group Manager: Regulatory Services	31/08/2022	<b>Not Completed</b> This will be taken forward by the New Group Manager who is not starting until January 2023. <b>Revised due date:</b> 31 January 2023

### 3.3 Completed actions

3.3.1 During this period we followed up 3 high priority and 8 medium priority actions which are deemed to have been implemented, superseded or closed. These are listed below:

### **3.3.2 Completed high priority actions**

	<b>Name of report</b>	<b>Agreed Action</b>	<b>Owner</b>	<b>Due Date</b>
1.	QL Housing System  <b>Jan-22</b>	1a. A central listing of all property additions, disposals, and changes in categorisation (e.g., demolitions) within the Council will be created and stored in a shared drive so that relevant Council and Barnet Homes officers can access it to perform updates and reconciliations to the QL system.	Head of Housing and Regeneration, Barnet Council	31/3/22
2.	QL Housing System  <b>Jan-22</b>	1c. We will run periodic reconciliations (e.g., quarterly) between property listings maintained by other teams to the QL system and stored in a central location, so they are accessible to relevant officers.	Finance Director, The Barnet Group	31/3/22
3.	Local Land charge Output Review  <b>August 22</b>	Finance will work with Cashbook to: <ul style="list-style-type: none"> <li>• Identify the types of transactions that are feeding into integra and what the source data looks like.</li> <li>• What the time-lag is between income received through cashbook and allocated to the cost centre so as to enable a complete reconciliation of income.</li> </ul>	Finance Manager - Resources, LBB  Group Manager – Private Sector, Housing & Local Land Charges, Re	30/9/22

### **3.3.3 Completed medium priority actions**

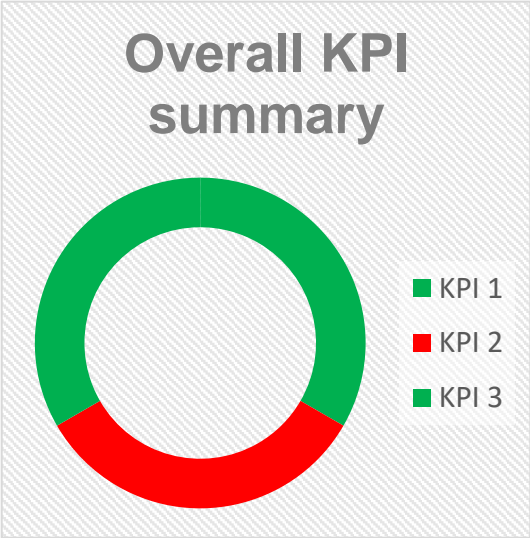
	<b>Audit Title</b>	<b>Audit Date</b>	<b>Ref</b>	<b>Finding</b>	<b>Action</b>	<b>Responsible officer</b>	<b>Due date</b>
1.	Council Tax	Dec-21	3a	The retention of supporting documentation for debt write-off	Evidence of debt write-off supporting documentation write-off request forms with reasons for write-off, tracing reports, Experian reports and management checks will be completed and retained for referral.	Revenues Operation Manager, CSG Revs & Bens Contract Manager for London Borough of Barnet, CSG	1/3/22
2.	QL Housing System	Jan-22	2b	Accuracy of the QL property portfolio	We will consider options to automate the process for uploading property additions within the QL portfolio and/or clarify roles and responsibilities in relation to these uploads so the onus is on the individual teams to make these changes, with the IT Manager having a level of system review once changes are made.	Finance Director, The Barnet Group	31/03/2022

3.	QL Housing System	Jan-22	3	Timeliness of communication between Barnet Homes and the Council	Barnet Homes and the Council will meet quarterly to communicate Council property additions and disposals. To do so, Barnet Homes and the Council will draft a Terms of Reference, which will outline the purpose of the meetings, a timetable for meetings and relevant attendees.	Head of Housing and Regeneration, Barnet Council, Finance Manager, Barnet Council, Finance Director, The Barnet Group	31/03/2022
4.	Commercial Rents and Leases Renewal Audit	12/08/2022	3b	Income Collection and Debt Recovery: Debt Management:	The Head of Property Services and Valuation will liaise with the AR and the HB Public Law to ensure that the Client 'Y' case is resolved.	CSG Head of Property Services and Valuation,	31/8/22
5.	Commercial Rents and Leases Renewal Audit	12/08/2022	3a	Income Collection and Debt Recovery: Debt Management:	The Head of Property Services and Valuation will liaise with the appropriate stakeholders to ensure that the Deed of Rectification & Supplemental Agreement is finalised to enable the Council to start recovering the debts from the holding company.	CSG Head of Property Services and Valuation	30/8/22

6.	Commercial Rents and Leases Renewal Audit	12/08/2022	7a	Commercial Property Records: Register or Database	<p>A timeline will be drawn up to provide target dates for the delivery of the project to renew the property database/management system.</p> <p><b>Note:</b> Superseded as the CSG Estates contract is now coming back in house September 2023.</p>	CSG Head of Property Services and Valuation	31/8/22
7.	Commercial Rents and Leases Renewal Audit	12/08/2022	7b	Commercial Property Records: Register or Database	<p>Progress will be monitored against the project plan to ensure it stays on track and regular reports of progress will be given to senior management.</p> <p><b>Note:</b> Superseded as the CSG Estates contract is now coming back in house September 2023.</p>	CSG Head of Property Services and Valuation	31/8/22
8.	Commercial Rents and Leases Renewal Audit	12/08/2022	7c	Commercial Property Records: Register or Database	<p>The Head of Property Services and Valuation will ensure that adequate arrangements are in place to accurately fulfil any statutory obligations to provide information to the Valuation Office Agency or any in-house teams for the carrying on of Business-as-usual in relation to the Council's properties.</p>	CSG Head of Property Services and Valuation	31/8/22

# *Appendices*

# Appendix A: Key performance indicators (KPIs)



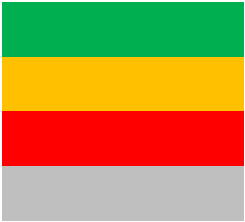
**KEY:**

Fully Achieved

Partially Achieved

Not Achieved

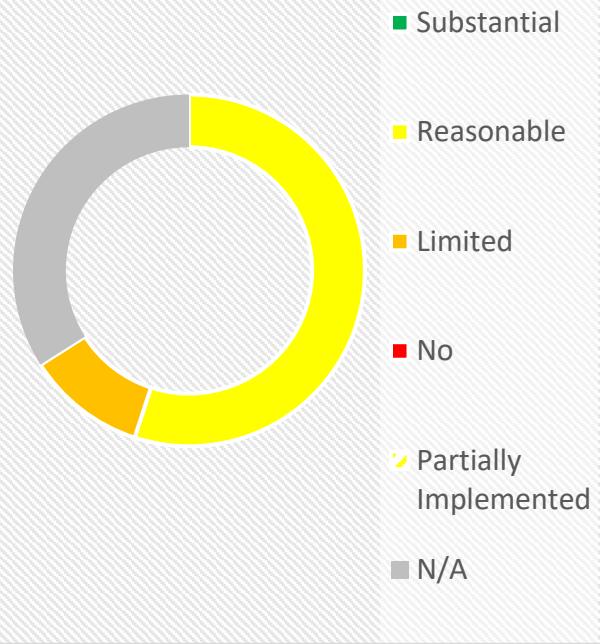
N/A



KPI	Target	Results	Comment										
1. % of Plan delivered	Q1 and Q2 Cumulative 49%	53%	Work in progress is incorporated as follows: <table border="1"> <tr> <td>Not Started</td> <td>0%</td> </tr> <tr> <td>Planning</td> <td>20%</td> </tr> <tr> <td>Fieldwork</td> <td>50%</td> </tr> <tr> <td>Draft Report</td> <td>90%</td> </tr> <tr> <td>Complete</td> <td>100%</td> </tr> </table> Applying these %s to work in progress shows that we have delivered 53% of our plan for the year against a half year target of 49%.  Up to 50% = Not Achieved 51% - 94% = Partially Achieved 95% = Fully Achieved	Not Started	0%	Planning	20%	Fieldwork	50%	Draft Report	90%	Complete	100%
Not Started	0%												
Planning	20%												
Fieldwork	50%												
Draft Report	90%												
Complete	100%												
2. Verification that at least 90% of Critical and High Risks have been mitigated by management at the time of follow up	90%	31%	0-49% = Not Achieved 50-89% = Partially Achieved 90% = Fully Achieved										
3. Average customer satisfaction score for year to meet or exceed acceptable level for at least 85% of completed surveys	85%	100%	0-49% = Not Achieved 50-84% = Partially Achieved 85% = Fully Achieved										



# Assurance Ratings



<p><b>4. % of reports year to date achieving:</b></p> <ul style="list-style-type: none"> <li>•Substantial</li> <li>•Reasonable</li> <li>•Limited</li> <li>•No Assurance</li> <li>•Partially Implemented</li> <li>Implemented</li> <li>•N/A</li> </ul>	<p><b>N/A</b></p>	<p><b>0%</b> <b>55%</b> <b>11%</b> <b>0%</b> <b>0%</b> <b>0%</b> <b>34%</b></p>	
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