

Introduction

This document sets out the 2013/14 annual internal audit plan and audit strategy for Haringey Council. The proposed audits have been discussed and agreed with Directors and their management teams and the plan and strategy are submitted to the Corporate Committee for final approval in accordance with the committee's terms of reference. It is proposed that any significant changes to the annual internal audit plan and/or the internal audit strategy are reported during the year to the Corporate Committee for formal approval.

Internal Audit Strategy

This Strategy sets out how the Council's Internal Audit service will be developed and delivered in accordance with the Internal Audit Charter. The Strategy will be reviewed annually and presented to the Corporate Committee for final approval.

Internal Audit Objectives

Internal Audit will provide independent and objective assurance to the Council, its Members, the Director's Group and in particular to the Chief Financial Officer to support them in discharging their responsibilities under S151 of the Local Government Act 1972, relating to the proper administration of the Council's financial affairs. It is the Council's intention to provide a best practice, cost efficient internal audit service.

Internal Audit's Remit

The internal audit service is an assurance function that primarily provides an independent and objective opinion on the degree to which the internal control environment supports and promotes the achievement of the council's objectives.

Under the direction of a suitably qualified and experienced Head of Audit and Risk Management, Internal Audit will:

- Provide management and members with an independent, objective assurance and consulting activity designed to add value and improve the Council's operations;
- Assist the Corporate Committee to reinforce the importance of effective corporate governance and ensure internal control improvements are delivered;
- Drive organisational change to improve processes and service performance;
- Work with other internal stakeholders and customers to review and recommend improvements to internal control and governance arrangements in accordance with regulatory and statutory requirements;
- Work closely with other assurance providers to share information and provide a value for money assurance service; and
- Participate in local and national bodies and working groups to influence agendas and developments within the profession.

Internal Audit must ensure that it is not involved in the design, installation and operation of controls so as to compromise its independence and objectivity. Internal Audit will however offer advice on the design of new internal controls in accordance with best practice.

Service Delivery

The internal audit service will be delivered by a 'mixed economy' of externally procured services (currently Deloitte and Touche) under the direction of the Council's Head of Audit and Risk Management and supported by an in-house Corporate Anti-Fraud Team. The Council participates in the London Audit & Anti-Fraud Partnership to work with other local authorities on a shared service basis. This includes appropriate: resource provision, joint working, audit management & strategy and a range of value added services.

Internal Audit Planning

Audit planning will be undertaken on an annual basis and audit coverage will be based on the following:

- Discussions with the Council's directors and senior management;
- The Council's Risk Registers;
- Outputs from other assurance providers; and
- Requirements as agreed with the council's external auditors.

The Head of Audit and Risk Management attends all Departmental Management Team meetings as part of the annual planning process to ensure that management views and suggestions are taken into account when producing the audit plan. The Internal Audit Plan 2013/14 (attached to this strategy) is composed of the following:

- **Risk Based Systems Audit:** Audits of systems, processes or tasks where the internal controls are identified, evaluated and confirmed through risk assessment process. The internal controls depending on the risk assessment are tested to confirm that they operating correctly. The selection of work in this category is driven by Departments' own risk processes and will increasingly include work in areas where the Council services are delivered in partnership with or by other organisations.
- **Key Financial Systems:** Audits of the Council's key financial systems where external audit require annual assurance as part of their external audit work programme.
- **Probity Audit (schools & other establishments):** Audit of a discrete unit. Compliance with legislation, regulation, policies, procedures or best practice are confirmed. For schools this includes assessment against the Schools Financial Value Standard.
- **Computer Audit:** The review of ICT infrastructure and associated systems, software and hardware.
- **Contract and Procurement Audit:** Audits of the Council's procedures and processes for the letting and monitoring of contracts, including reviews of completed and current contracts.

- **Counter-Fraud and Ad-Hoc Work:** The in-house Corporate Anti-Fraud Team undertakes a programme of pro-active and reactive counter-fraud investigations. In 2013/14, this will also include work to review the potential data matches from the National Fraud Initiative (NFI) data matching exercise. A contingency of audit days are also included in the plan to cover any additional work due to changes or issues arising in-year.

Follow-up

Internal Audit will evaluate the Council's progress in implementing audit recommendations against set targets for implementation. Progress will be reported to management and to the Corporate Committee on a quarterly basis. Where progress is unsatisfactory or management fail to provide a satisfactory response to follow up requests, Internal Audit will implement the escalation procedure as agreed with management.

Reporting

Internal audit reports the findings of its work in detail to local management at the conclusion of each piece of audit work and at the follow up stage. Summary reports are also provided to the Corporate Committee on a monthly basis and high level reports provided on a quarterly basis. This includes the Head of Internal Audit's annual report which contributes to the assurances underpinning the Annual Governance Statement of the Council.

Haringey Internal Audit Coverage: 2013/14

The table below sets out the internal audit work to be completed during the 2013/14 financial year, which is in accordance with the contract. The total number of days to be delivered is 950; which does not include audit work that will be completed as part of the Service Level Agreement with Homes for Haringey, or the corporate anti-fraud team's work. The breakdown of work can be summarised as:

Area	Directorate	Days
Key Financial Systems (KFS)	Corporate Resources	90
Directorate Systems and Risks	Corporate Resources	5
Procurement Audit	Corporate Resources	70
IT Audit	Chief Executive	76
Directorate Systems and Risks	Place & Sustainability	50
Directorate Systems and Risks (including School Audits)	Children's Service	208
Directorate Systems and Risks	Adult and Housing Services	65
Directorate Systems and Risks (including KFS)	Chief Executive	65
Directorate Systems and Risks	Strategy and Performance	40
Directorate Systems and Risks	Public Health	30
Follow Up	All Directorates	50
Management	All Directorates	80
	Sub-total	829
	Contingency	71
	Total	900

London Borough of Haringey – Draft Internal Audit Plan and Strategy 2013/14

APPENDIX A

Corporate Resources – Key Financial Systems and Directorate systems and risks:

Audit title	Indicative Scope	Client	Quarter	Days
Strategic Financial Management & Budgetary Control (KFS)	High level system audit, including follow-up of previous audit recommendations; and including documentation; and testing of both key and significant controls.	Head of Corporate Finance/ Head of Finance – Budgets, Accounting & Systems	3	10
Cash Receipting (KFS)	Full system review: Full risk based audit of the system, including updating system documentation and flowcharts, identifying any changes since previous audit and agreeing these with system managers, testing of both key and significant controls (ensure all external audit requirements are included), plus follow up of any previous recommendations.	Head of Corporate Finance/ Head of Finance – Budgets, Accounting & Systems	3/4	15
Treasury Management (KFS)	High Level Review (HLR): Identifying any changes to the system since the last full audit, updating system documentation and flowcharts, and testing those controls which are key to the effectiveness of the system, plus follow up of previous recommendations.	Head of Corporate Finance/ Head of Finance – Pensions & Treasury	3	5
Accounting & General Ledger (KFS)	High Level Review (HLR): Identifying any changes to the system since the last full audit, updating system documentation and flowcharts, and testing those controls which are key to the effectiveness of the system, plus follow up of previous recommendations.	Head of Corporate Finance/ Head of Finance – Budgets, Accounting & Systems	4	5
Accounts Payable (Creditors) (KFS)	High level system audit, including follow-up of previous audit recommendations; and including documentation; and testing of both key and significant controls.	Head of Corporate Procurement/P2P Performance Manager/ Head of Finance – Budgets, Accounting & Systems	4	10

Audit title	Indicative Scope	Client	Quarter	Days
Pension Fund Investment (KFS)	High Level Review (HLR): Identifying any changes to the system since the last full audit, updating system documentation and flowcharts, and testing those controls which are key to the effectiveness of the system, plus follow up of previous recommendations.	Head of Corporate Finance/ Head of Finance – Pensions & Treasury	4	5
Accounts Receivable (Sundry Debtors) (KFS)	High level system audit, including follow-up of previous audit recommendations; and including documentation; and testing of both key and significant controls.	Head of Corporate Finance/ Head of Finance – Budgets, Accounting & Systems	3	10
Housing Benefits (KFS)	High Level Review (HLR): Identifying any changes to the system since the last full audit, updating system documentation and flowcharts, and testing those controls which are key to the effectiveness of the system, plus follow up of previous recommendations.	Head of Revenues, Benefits and Customer Services	3	10
Council Tax (KFS)	High Level Review (HLR): Identifying any changes to the system since the last full audit, updating system documentation and flowcharts, and testing those controls which are key to the effectiveness of the system, plus follow up of previous recommendations.	Head of Revenues, Benefits and Customer Services	4	10
NNDR (KFS)	Full system review: Full risk based audit of the system, including updating system documentation and flowcharts, identifying any changes since previous audit and agreeing these with system managers, testing of both key and significant controls (ensure all external audit requirements are included), plus follow up of any previous recommendations.	Head of Revenues, Benefits and Customer Services	4	10

Audit title	Indicative Scope	Client	Quarter	Days
Teachers' Pensions contributions (Grant certification requirement 2012/13)	The Council is required to complete an annual statement showing teachers' pension contributions deducted and remitted in the year. Internal audit will complete sample testing to confirm that the requirements of the statement have been complied with for those schools with outsourced payroll providers.	Head of Corporate Finance/ Head of Finance, CYPS	1	5
Total				95

Corporate Resources - Procurement Audit:

Audit title	Indicative Scope	Client	Quarter	Days
Temporary Accommodation – procurement processes	<p>This will be a review to provide assurance that procurement processes are in place and compliant with statutory requirements and the Council’s financial procedure rules, including contract standing orders and the Council’s strategy. The review will examine the procurement processes in place and confirm that appropriate controls are in place to ensure expenditure and payment of invoices is in accordance with contractual requirements and for services received; segregation of duties is effective and conflicts of interest are identified and managed; and operational processes contain appropriate quality review and challenge mechanisms; and regular service/placement reviews are in place and effective.</p>	<p>Head of Corporate Procurement/ Deputy Head of Housing Services</p>	<p>2</p>	<p>10</p>
Leisure management contract	<p>This will be a review to provide assurance that contract monitoring processes are in place and compliant with statutory requirements and the Council’s financial procedure rules, including contract standing orders. The review will examine the processes in place and confirm that appropriate controls are in place to ensure expenditure and payment of invoices is in accordance with contractual requirements and for services received; segregation of duties is effective and conflicts of interest are identified and managed; and operational processes contain appropriate quality review and challenge mechanisms including appropriate escalation processes; and regular service reviews are in place and effective.</p>	<p>Head of Corporate Procurement/ Assistant Director Leisure Services</p>	<p>3</p>	<p>10</p>
Highways repairs contract	<p>This will be a review to provide assurance that contract monitoring processes are in place and</p>	<p>Head of Corporate</p>	<p>4</p>	<p>10</p>

	<p>compliant with statutory requirements and the Council's financial procedure rules, including contract standing orders. The review will examine the procurement processes in place and confirm that appropriate controls are in place to ensure expenditure and payment of invoices is in accordance with contractual requirements and for services received; segregation of duties is effective and conflicts of interest are identified and managed; and operational processes contain appropriate quality review and challenge mechanisms including appropriate escalation processes; and regular service reviews are in place and effective.</p>	<p>Procurement/ Assistant Director Single Frontline</p>		
<p>Waste and recycling contract</p>	<p>This will be a review to provide assurance that procurement processes are in place and compliant with statutory requirements and the Council's financial procedure rules, including contract standing orders and the Council's strategy. The review will examine the procurement processes in place and confirm that appropriate controls are in place to ensure expenditure and payment of invoices is in accordance with contractual requirements and for services received; segregation of duties is effective and conflicts of interest are identified and managed; and operational processes contain appropriate quality review and challenge mechanisms; and regular service/procurement reviews are in place and effective.</p>	<p>Head of Corporate Procurement/ Assistant Director Single Frontline</p>	<p>2</p>	<p>10</p>
<p>Facilities Management contracts – cleaning and maintenance</p>	<p>This will be a review to provide assurance that contract monitoring processes are in place and compliant with statutory requirements and the Council's financial procedure rules, including contract standing orders. The review will examine the processes in place and confirm that appropriate controls are in place to ensure expenditure and payment of invoices is in accordance with contractual</p>	<p>Head of Corporate Procurement/ Head of Property Services</p>	<p>1</p>	<p>10</p>

	requirements and for services received; segregation of duties is effective and conflicts of interest are identified and managed; and operational processes contain appropriate quality review and challenge mechanisms including appropriate escalation processes; and regular service reviews are in place and effective.			
Broadwater Farm combined heat and power plant	The review will ascertain whether the processes in place are compliant with statutory requirements and the Council's financial procedure rules, including contract standing orders.	Head of Corporate Procurement	1	10
Corporate purchase cards	The review will ascertain whether the processes in place are compliant with statutory requirements, including HMRC and VAT regulations; and the Council's financial procedure rules, including contract standing orders. The review will include sample testing of the records maintained by individual departments.	Head of Corporate Procurement	1	10
Total				70

Chief Executive - IT Audit:

Audit title	Indicative Scope	Client	Quarter	Days
Framework-I application audit	The audit will examine as appropriate user access structure, logical access controls and security configuration of the system, together with sample testing of input, output, processing; audit trail controls, backup procedures and Business Continuity / Disaster Recovery arrangements, and any interfaces. Particular consideration will be given to the Finance Module, including reconciliation processes and external access.	Head of IT Services	TBC	12
E-Benefits Payments application audit	The audit will examine as appropriate user access structure, logical access controls and security configuration of the system, together with sample testing of input, output, processing; audit trail controls, backup procedures and Business Continuity / Disaster Recovery arrangements, and any interfaces.	Head of IT Services	TBC	12
Authority ICON including e-payments application audit	The audit will examine as appropriate user access structure, logical access controls and security configuration of the system, together with sample testing of input, output, processing; audit trail controls, backup procedures and Business Continuity / Disaster Recovery arrangements, and any interfaces.	Head of IT Services	TBC	12
Active Directory (AD) User Security	The audit will review active directory security configuration and individual user security, together with sample testing of input, output, processing, audit trail controls and any interfaces.	Head of IT Services	TBC	10
Albacs – Post Implementation Review	This will be a review to provide assurance that the system is compliant with statutory and local requirements, including the Council's financial procedure rules and include a review of key controls over monitoring and management arrangements.	Head of IT Services	TBC	10
SAP	The audit will examine, as appropriate, user access structure, logical access controls and security configuration of the system, together with sample testing of input, output, processing, audit trail controls and any interfaces.	Head of IT Services	TBC	20
Total				76

Place and Sustainability Directorate:

Audit title	Indicative Scope	Client	Quarter	Days
Tottenham Regeneration Programme	This will be a review to provide assurance that the system is compliant with statutory and local requirements, including the Council's financial procedure rules and include a review of key controls over governance arrangements, income and expenditure, contract monitoring and management arrangements, including a follow up of previous 2012/13 recommendations.	Assistant Director, Major Projects	4	10
Certificates of Lawfulness	This will be a review to provide assurance that the system is compliant with statutory and local requirements, including the Council's financial procedure rules and include a review of key controls over disposal of corporate and other properties; management of empty corporate properties; transfer arrangements for corporate properties from service departments to Corporate Property Services; income and expenditure; and a follow up of previous recommendations.	Assistant Director Planning, Regeneration and Economy	2	10
Planning Services	This will be a review to provide assurance that the system is compliant with statutory and local requirements, including the Council's financial procedure rules; processes to ensure compliance with statutory decision timescales; appeal processes; and include a review of key controls over income collection and receipt and reconciliation.	Assistant Director Planning, Regeneration and Economy	4	10
Parking Services (residents permits and visitors vouchers)	This will be a review to provide assurance that the service is compliant with statutory and local requirements, including the Council's financial procedure rules and governance arrangements; income and expenditure; reconciliation processes; and include a review of key controls over monitoring,	Assistant Director Single Frontline	3	10

Audit title	Indicative Scope	Client	Quarter	Days
Commercial Property	<p>review and management arrangements.</p> <p>This will be a review to provide assurance that the system is compliant with statutory and local requirements, including the Council's financial procedure rules; monitoring arrangements over empty properties; ensuring compliance with lease requirements and usage of let properties; and include a review of key controls over income collection and receipt and reconciliation.</p>	Head of Property Services	3	10
Total				50

Children and Young People’s Service:

Audit title	Indicative Scope	Client	Quarter	Days
Children’s Centres	Establishment audits will be undertaken of the controls in place in key income and expenditure areas including: Management organisation; inspections and OFSTED; Budgetary control; Staffing; Disbursement accounting records; Asset management; Unofficial Fund; Data protection and security; Income; Health and safety.	Deputy Director Prevention & Early Intervention	1-4	15
Pupil Premium Payments	This will be a review to provide assurance that the processes’ key controls have been identified and are adequate and effective in managing the risks with regard to information management and data sharing arrangements, income and expenditure; and the systems are compliant with statutory requirements and the Council’s financial procedure rules, including contract standing orders.	Assistant Director – School Improvement	2	10
Alternative Educational Provision	This will be a review to provide assurance that the services’ key controls have been identified and are adequate and effective in managing the risks, and the system is compliant with local and statutory requirements and the Council’s financial procedure rules, governance arrangements, information management, income and expenditure, monitoring review and reporting arrangements. The review will include special educational needs provision.	Assistant Director – School Improvement	1	10
Schools’ licensed deficit arrangements	This will be a review to provide assurance that the services’ key controls have been identified and are adequate and effective in managing the risks, and ensure that decisions and processes are consistent across the schools. The review will review whether the system is compliant with local and statutory requirements and the Council’s financial procedure	Assistant Director – School Improvement	1	10

Audit title	Indicative Scope	Client	Quarter	Days
Governance Services	<p>rules, including governance arrangements, information management, income and expenditure, monitoring review and reporting arrangements. The review will include costs associated with restructuring.</p> <p>This will be a review to provide assurance that the services' key controls have been identified and are adequate and effective in managing the risks, and ensure that processes are consistent across schools. The review will review whether the system is compliant with local and statutory requirements and the Council's financial procedure rules, including governance arrangements, information management, income and expenditure, monitoring review and reporting arrangements.</p>	Assistant Director – School Improvement	3	10
Youth Services	<p>This will be a review to provide assurance that the service's key controls have been identified and are adequate and effective in managing the risks with regard to governance arrangements, information management and data sharing arrangements, income and expenditure; and the systems are compliant with statutory requirements and the Council's financial procedure rules, including contract standing orders.</p>	Deputy Director Prevention & Early Intervention	1	10
14-19 Provision	<p>This will be a review to provide assurance that the service's key controls have been identified and are adequate and effective in managing the risks with regard to governance arrangements, information management and data sharing arrangements, income and expenditure; and the systems are compliant with statutory requirements and the Council's financial procedure rules, including contract standing orders.</p>	Deputy Director Prevention & Early Intervention	2	10
Early Years and Childcare Services	<p>This will be a review to provide assurance that the service's key controls have been identified and are adequate and effective in managing the risks with regard to governance arrangements, information</p>	Deputy Director Prevention & Early	4	10

Audit title	Indicative Scope	Client	Quarter	Days
Children remanded in custody who are looked after – placement and training	<p>management and data sharing arrangements, income and expenditure; and the systems are compliant with statutory requirements and the Council's financial procedure rules, including contract standing orders.</p> <p>This will be a review to provide assurance that the service's key controls have been identified and are adequate and effective in managing the risks with regard to governance arrangements, information management and data sharing arrangements, income and expenditure; and the systems are compliant with statutory requirements and the Council's financial procedure rules, including contract standing orders.</p>	Intervention	3	10
Section 17 Payments	<p>This will be a review to provide assurance that the service's key controls have been identified and are adequate and effective in managing the risks with regard to governance arrangements, information management, income and expenditure; and the systems are compliant with statutory requirements and the Council's financial procedure rules, including contract standing orders.</p> <p>This will be a follow up review to test compliance with the service's key controls in operation; and the systems are compliant with statutory requirements and the Council's financial procedure rules, including contract standing orders. The review will include the processes for the no recourse to public funds system.</p>	Assistant Director Safeguarding	2	10
Troubled families Initiative	<p>This will be a follow up review to test compliance with the service's key controls in operation; and the systems are compliant with statutory requirements and the Council's financial procedure rules, including contract standing orders.</p>	Assistant Director Safeguarding	2	5
Schools Audit Programme: Primary, Secondary and Special Schools	<p>A risk based approach is taken in completing the schools audit programme. The audit will be a full review of the controls in place to ensure that the objectives of the service are met, covering the following areas: Management organisation; School inspections and OFSTED; Budgetary control; Staffing; Disbursement accounting records; Asset management;</p>	Individual Schools' Head Teachers/ CYPs Finance	1-4	98

	Unofficial Fund; Data protection and security; Income; Health and safety; and School meals. Schools Programme 2013/14: 19 schools <ul style="list-style-type: none"> • 13 Primary Schools; • 3 secondary Schools; • 2 Junior Schools; and • 1 Special School. 			
<p>Total</p>				<p>208</p>

Adult and Housing Services:

Audit title	Indicative Scope	Client	Quarter	Days
Temporary Accommodation – compliance with Council strategy and Welfare Reform Act	This will be a review to provide assurance that the Council's strategy and statutory requirements are being complied with and that the controls are adequate and effective in managing the risks with regard to: governance arrangements, expenditure and payments to third parties and external organisations; and the systems are compliant with statutory requirements and the Council's financial procedure rules, including contract standing orders, monitoring review and reporting arrangements.	Deputy Director Housing Services	4	10
Houses in Multiple Occupation – licensing arrangements	This will be a review to provide assurance that the Council's strategy and statutory requirements are being complied with and that the controls are adequate and effective in managing the risks with regard to governance arrangements, expenditure and payments to third parties and external organisations; income collection and recovery arrangements; and the systems are compliant with statutory requirements and the Council's financial procedure rules, including contract standing orders, monitoring review and reporting arrangements.	Deputy Director Housing Services	3	10
Housing Options and Incentives	This will be a review to provide assurance that the service's key controls have been identified and are adequate and effective in managing the risks with regard to governance arrangements (including the incentive payments to landlords), expenditure and payments to third parties and external organisations; income collection and recovery arrangements; costs and value for money; compliance with local and statutory timescales; and the systems are compliant with statutory requirements and the Council's financial	Deputy Director Housing Services	3	5

Residential and Community Care Charges	<p>procedure rules, including contract standing orders, monitoring review and reporting arrangements.</p> <p>This will be a review to provide assurance that the service's key controls have been identified and are adequate and effective in managing the risks with regard to governance arrangements, expenditure and payments to third parties and external organisations; income collection and recovery arrangements; costs and value for money; compliance with local and statutory timescales; and the systems are compliant with statutory requirements and the Council's financial procedure rules, including contract standing orders, monitoring review and reporting arrangements.</p>	Deputy Director Adult & Community Services	1	10
Direct Payments	<p>This will be a review to provide assurance that the service's key controls have been identified and are adequate and effective in managing the risks with regard to governance arrangements, information management and data sharing arrangements, income and expenditure; payments to third parties and external organisations; compliance with local and statutory timescales; and the systems are compliant with statutory requirements and the Council's financial procedure rules, and monitoring review and reporting arrangements.</p>	Deputy Director Adult & Community Services	3	10
Pan-London equipment service	<p>This will be a review to provide assurance that the service's key controls have been identified and are adequate and effective in managing the risks with regard to governance arrangements; income and expenditure, including recovery arrangements; payments to third parties and external organisations; compliance with local and statutory timescales; and the systems are compliant with statutory requirements and the Council's financial procedure rules, and monitoring review and reporting arrangements.</p>	Deputy Director Adult & Community Services	2	10

<p>Pan-London prescription (minor equipment) service</p>	<p>This will be a review to provide assurance that the service's key controls have been identified and are adequate and effective in managing the risks with regard to governance arrangements; income and expenditure, including recovery arrangements; payments to third parties and external organisations; compliance with local and statutory timescales; and the systems are compliant with statutory requirements and the Council's financial procedure rules, and monitoring review and reporting arrangements.</p>	<p>Deputy Director Adult & Community Services</p>	<p>3</p>	<p>10</p>
<p>Total</p>				<p>65</p>