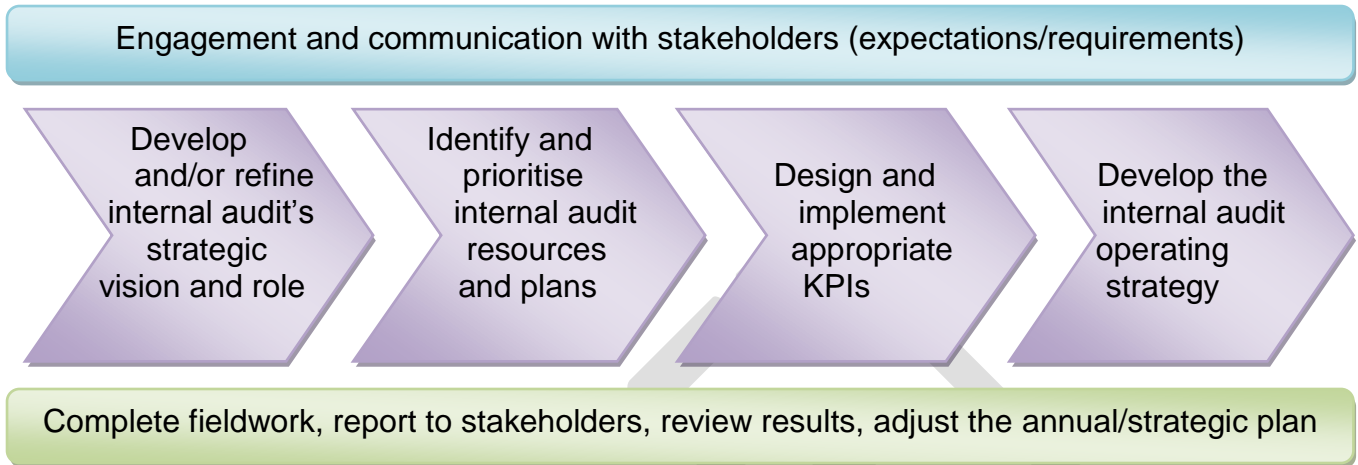


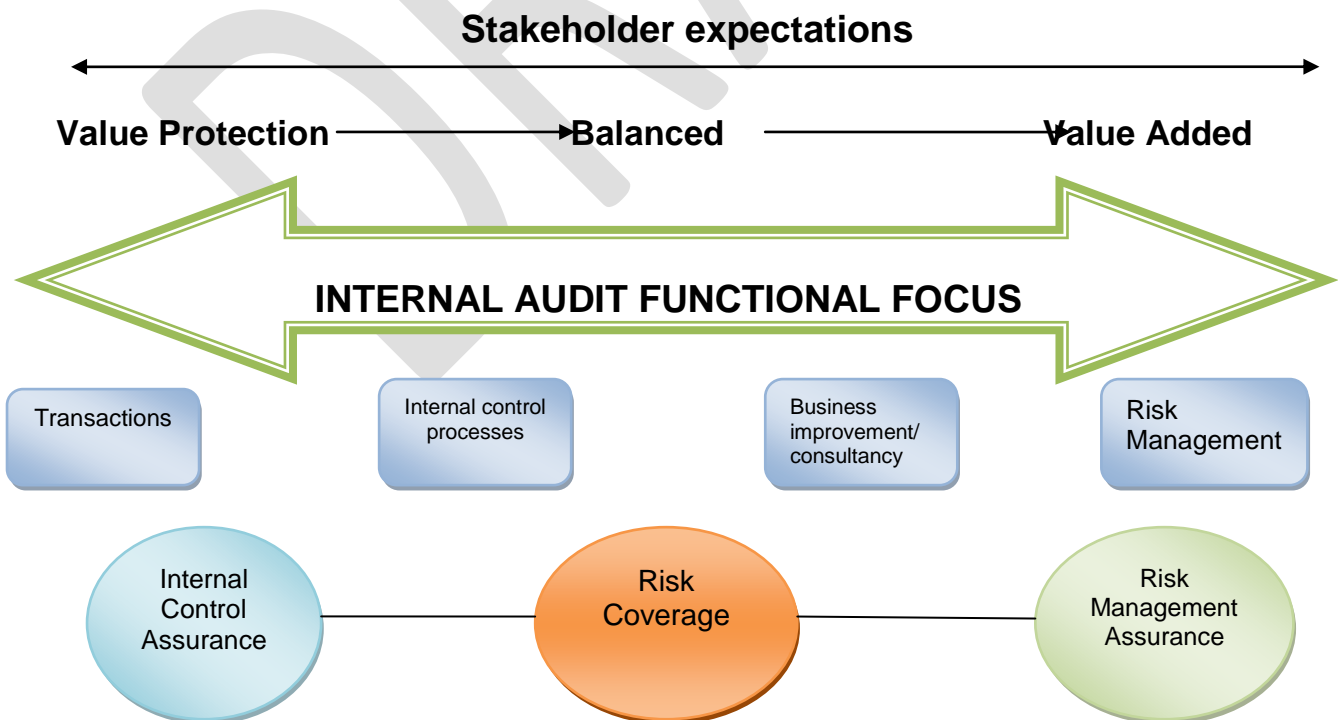
# London Borough of Haringey - Internal Audit Strategy and Annual Audit Plan

## Internal Audit Strategy – Introduction

Haringey’s internal audit function is driven by an appropriate strategy, rather than as a tactical response to operational issues, to minimise the risks that key strategic issues could be overlooked. Haringey’s framework has been developed to cover both strategic and tactical considerations and ensures that internal audit resources are used to provide the appropriate assurances for the organisation at any one time, as follows:



To create an effective internal audit function, internal audit’s key stakeholders will determine how the audit function delivers the desired value by focusing on e.g. risk management and control assurance; assessment of internal control effectiveness and efficiency; regulatory and corporate compliance assurance; developing awareness of risk and control across the organisation. Internal audit’s resources and plans are then aligned to the Council’s key business risks and operational and financial priorities as follows:



## Internal Audit Objectives

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Haringey's approach is designed to enable internal audit's remit to evolve and develop as the organisation's needs change over time. As stakeholder needs evolve, internal audit can focus on creating value through assisting with improvements in operational processes. As Haringey's risk appetite changes, internal audit's strategy and functional focus can move from internal control, to risk management, assurance.

The internal audit strategy sets out how the Council's Internal Audit service will be delivered, in accordance with the Internal Audit Charter. Internal Audit will provide independent and objective assurance to the Council, its members, the Chief Executive and Senior Leadership Team and 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 which fulfils the requirements of the statutory 2013 UK Public Sector Internal Audit Standards (PSIAS).

## Internal Audit's Remit

Internal Audit will:

- Provide management and members with an independent, objective assurance and advisory 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 will 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 2017/18

The internal audit service will be delivered by a 'mixed economy' of externally procured services under the direction of the Council's Head of Audit and Risk Management, 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.

The resources to deliver the internal audit and counter-fraud function have been assessed as adequate to fulfil the requirements of the PSIAS and ensure that the key risks of the Council are subject to an appropriate level of independent audit review.

## 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 senior management, statutory officers and Priority Owners;
- The Council's Risk Registers and Corporate Plan;
- Outputs from other assurance providers; and

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- Requirements as agreed with the council's external auditors.

The annual Internal Audit Plan is composed of the following:

- **Corporate Plan/Priority and Business Area Risk Based Audits:** 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 internal audit's and senior managers' risk assessment and may also 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 on a continuous basis.
- **Probity Audit (schools/other establishments):** Audit of a single establishment. Compliance with legislation, regulation, policies, procedures or best practice is confirmed.
- **Computer Audit:** The review of ICT infrastructure and associated systems, software and hardware; including Shared Digital arrangements where applicable.
- **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. A contingency of audit days are also included in the annual audit 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 agreed 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 statutory Annual Governance Statement of the Council.

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## Internal Audit Plan 2017/18

The annual internal audit plan has been discussed and agreed with the Chief Executive; Senior Leadership Team; Statutory Officers' Group; Priority Owners; and nominated clients for the work. The plan and strategy are submitted to the Corporate Committee for final approval and any significant changes to the annual internal audit plan and/or the internal audit strategy will be reported during the year to the Corporate Committee for formal approval.

The table below sets out the internal audit work to be completed by the external contractor. The total number of days to be delivered excludes audit work that will be completed as part of the corporate anti-fraud team's work.

The work planned aims to provide coverage across the value protection and value added requirements of the Council. The internal audit service has focused its annual plan to align it with the identified key risks within the Corporate Plan in order to provide assurance across the Priority areas. Assurance on Priority 5 key risk areas will be provided in part via internal audit's annual audit plan delivered via Homes for Haringey and the counter-fraud work plan.

Audit area	Client	Quarter	Days
<b>Corporate/Cross Cutting Risk Audits</b>			
HR processes - IR35 implementation and exit payments	Assistant Director Transformation and Resources	1	10
Declaration of Interests	Assistant Director Transformation and Resources	2	10
Information governance – data protection and preparations for GDPR	Assistant Director Transformation and Resources	3	10
Information governance – data storage arrangements (electronic and physical)	Assistant Director Transformation and Resources	1	10
<b>Sub-total – Corporate Risk Audits</b>			<b>40</b>
<b>Corporate Plan – Priority Risk Audits</b>			
<b>Priority 1 – Outstanding for all</b>			
High Needs Block funding	Director of Children's Services	2	10
Looked after children/care leavers	Director of Children's Services	1	10
Early Help processes	Director of Children's Services	2	15
Children's Centres – safeguarding and financial processes	Director of Children's Services	3	12
No Recourse to Public Funds (including refugee/asylum seekers)	Director of Children's Services	4	10
School Admissions – policy and operational processes	Assistant Director for Schools and Learning		10
Haslemere Road Respite Centre	Assistant Director for Commissioning		10
<b>Sub-total Priority 1</b>			<b>77</b>
<b>Priority 2 – Outstanding for all</b>			
Pooled budgets – discharge to assess	Director of Adult Social Services	3	10
Osborne Grove	Director of Adult Social Services	1	10
Direct Payments	Director of Adult Social Services/ Assistant Director for	2	10

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Audit area	Client	Quarter	Days
	Commissioning		
Community Alarm Service	Director of Adult Social Services	4	10
Safeguarding	Director of Adult Social Services	3	10
Reviews for independence	Director of Adult Social Services	4	10
<b>Sub-total Priority 2</b>			<b>60</b>
<b>Priority 3 – Clean and Safe</b>			
Capital and project expenditure and procurement processes	Assistant Director for Commercial & Operations	1	20
Highways – contractor invoicing and contractual compliance	Assistant Director for Commercial & Operations	2	10
Reactive maintenance	Assistant Director for Commercial & Operations	3	10
Bulk refuse collections – contractor performance	Assistant Director for Commercial & Operations	4	10
Operational Services – Budget allocation and management	Assistant Director for Commercial & Operations	3	12
<b>Sub-total Priority 3</b>			<b>62</b>
<b>Priority 4 – Sustainable Housing Growth and Employment</b>			
Haringey Development Vehicle – strategic partner/operating processes	Assistant Director for Regeneration	1-4	30
Estate Renewal – re-housing and payments	Assistant Director for Regeneration	4	10
<b>Sub-total Priority 4</b>			<b>40</b>
<b>Corporate IT Audits</b>			
Shared digital – contract management	Assistant Director Transformation and Resources	3	10
Shared digital – strategic and operational governance arrangements	Assistant Director Transformation and Resources	2	20
Project management processes	Assistant Director Transformation and Resources	2	10
Mosaic application	Assistant Director Transformation and Resources	1	10
ICON application upgrade	Assistant Director Transformation and Resources	4	10
<b>Sub-total – Corporate IT Audits</b>			<b>60</b>
<b>Contract and Procurement Audit</b>			
Provision of pharmacies enhanced service (framework)	Director of Public Health		10
Master vendor for supply of agency staff	Assistant Director Transformation and Resources		10
Contract extensions/waivers	Assistant Director for Commercial & Operations		12
Operational procurement processes	Assistant Director for Commercial & Operations	3	12
<b>Sub-total – Contract Audits</b>			<b>44</b>
<b>Key Financial Systems (KFS)</b>			
Strategic Financial Management &	Deputy s151 Officer	1-4	15

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Audit area	Client	Quarter	Days
Budgetary Control			
Cash Receipting	Deputy s151 Officer	1-4	12
Treasury Management	Deputy s151 Officer	1-4	12
Accounting & General Ledger	Deputy s151 Officer	1-4	12
Pension Fund Investment	Deputy s151 Officer	4	5
Accounts Receivable (Sundry Debtors)	Assistant Director – SSC	1-4	15
Accounts Payable (Creditors)	Assistant Director – SSC	1-4	15
Housing Benefits	Assistant Director – SSC	1-4	15
Council Tax	Assistant Director – SSC	1-4	15
NNDR	Assistant Director – SSC	1-4	15
Payroll	Assistant Director – SSC	1-4	15
Teachers' Pensions contributions (Grant certification requirement)	Deputy s151 Officer	1	5
<b>Sub-total – Key Financial Systems</b>			<b>151</b>
<b>School Audits Risk Based Programme</b>			
<b>Primary Schools</b>			
Alexandra	School Head teacher	TBC	5
Bounds Green	School Head teacher	TBC	5
Bruce Grove	School Head teacher	TBC	5
Chestnuts	School Head teacher	TBC	5
Coldfall	School Head teacher	TBC	5
Crowland	School Head teacher	TBC	5
Lancasterian	School Head teacher	TBC	5
Mulberry	School Head teacher	TBC	5
Rhodes Avenue	School Head teacher	TBC	5
St Martin of Porres RC	School Head teacher	TBC	5
St Mary CE	School Head teacher	TBC	5
St Paul's RC	School Head teacher	TBC	5
Stamford Hill	School Head teacher	TBC	5
Tiverton	School Head teacher	TBC	5
Welbourne	School Head teacher	TBC	5
<b>Infant Schools</b>			
Rokesly Infants	School Head teacher	TBC	5
St Peter-in-Chains RC Infants	School Head teacher	TBC	5
<b>Secondary Schools</b>			
Hornsey School for Girls	School Head teacher	TBC	6
Follow up of 2016/17 school audits	School Head teachers	TBC	30
<b>Sub-total – School Audits</b>			<b>121</b>
Follow up audits 2016/17 audits			30
Admin and Management			35
Contingency			50
<b>Total – Contractor delivered days</b>			<b>770</b>