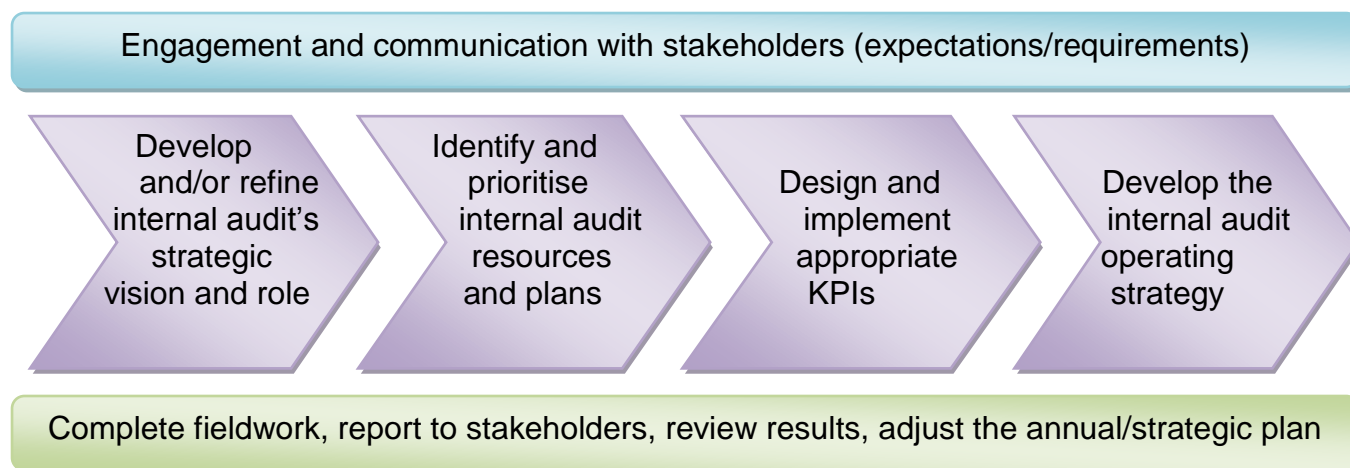
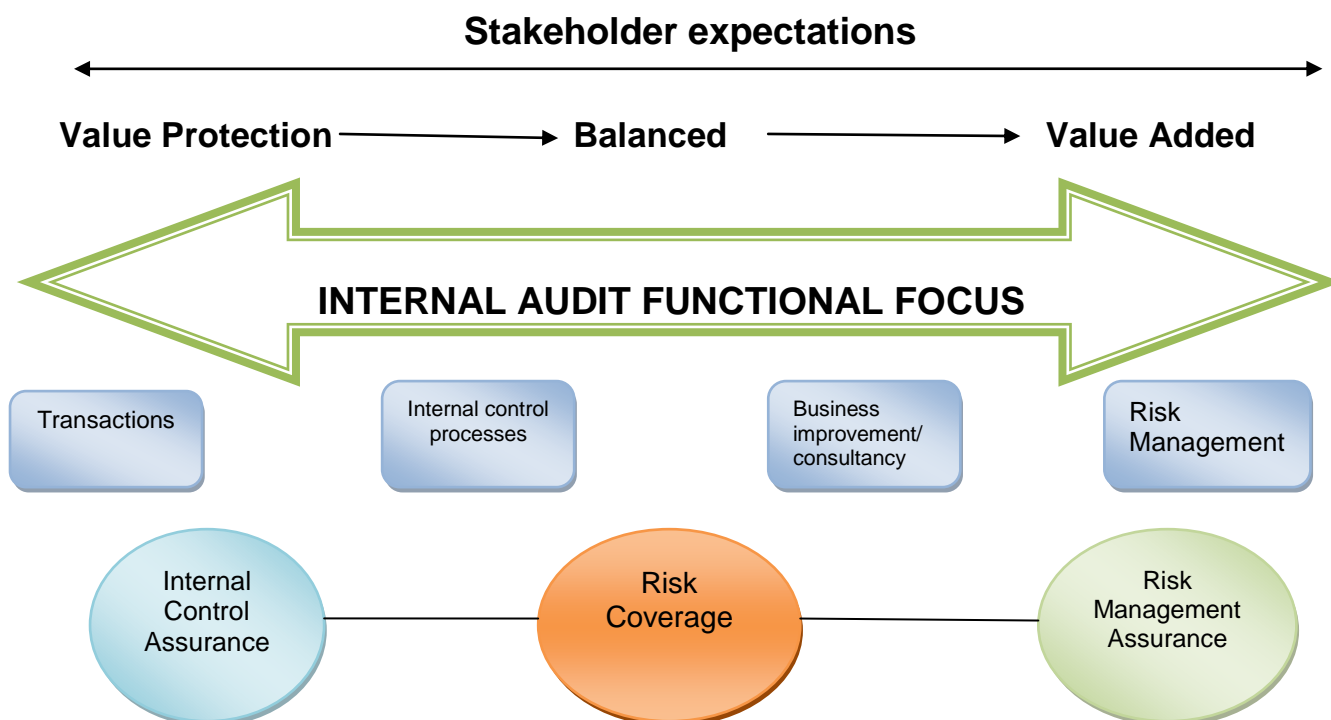


## Internal Audit Strategy – Introduction

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:



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

## Internal Audit Objectives

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 2018/19

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. Since the formation of Shared Digital some audit assurances in 2018/19 may come from the Camden and Islington. 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.

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

## 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
- 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.

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

## Internal Audit Plan 2018/19

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>			
Information Governance / Government Data Protection Regulations	Director of Transformation and Resources	1	15
HR Policies	Assistant Director – SSC	1	20
Establishment of Commercial Entities	Chief Executive / Director of Transformation and Resources	2	10
Debt Recovery	Director for Commercial & Operations / Chief Finance Officer	3	15
Complaints and Member Enquiries	Assistant Director – SSC	4	15
<b>Sub-total – Corporate Risk Audits</b>			<b>75</b>
<b>Corporate Plan – Priority Risk Audits</b>			
<b>Priority 1 – Outstanding for all</b>			
Child Sexual Exploitation	Director of Children's Services	1	15
Youth Justice (Asset Plus)	Director of Children's Services	2	10
Payments for Foster Carers	Director of Children's Services	3	15
<b>Sub-total Priority 1</b>			<b>40</b>
<b>Priority 2 – Outstanding for all</b>			
Mental Capacity Assessments	Director of Adult Social Services	1	15
Delayed Transfer of Care	Director of Adult Social Services	2	15
Interface with Mental Health Trust	Director of Adult Social Services	3	10
Transitions	Director of Adult Social Services	4	15
<b>Sub-total Priority 2</b>			<b>55</b>

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

<b>Audit area</b>	<b>Client</b>	<b>Quarter</b>	<b>Days</b>
<b>Priority 3 – Clean and Safe</b>			
HCPS	Director for Commercial & Operations	1	15
Adam Platform	Director for Commercial & Operations	2	15
<b>Sub-total Priority 3</b>			<b>30</b>
<b>Priority 4 – Sustainable Housing Growth and Employment</b>			
Regeneration Projects & Programmes	Director of Regeneration Planning and Development	2 & 4	30
New Build Properties - advisory	Director of Housing and Growth	1	10
<b>Sub-total Priority 4</b>			<b>40</b>
<b>Corporate IT Audits</b>			
SAP	Assistant Director Transformation and Resources	TBC	15
Robotic Process Automation	Assistant Director Transformation and Resources	TBC	10
IT Contingency	Assistant Director Transformation and Resources	TBC	10
<b>Sub-total – Corporate IT Audits</b>			<b>35</b>
<b>Contract and Procurement Audit</b>			
Hayes	Assistant Director – SSC	2&4	20
Amey	Assistant Director Transformation and Resources	1	15
<b>Sub-total – Contract Audits</b>			<b>35</b>
<b>Key Financial Systems (KFS)</b>			
Key Financial Controls	Chief Finance Officer	1	10
Grants and Loans	Chief Finance Officer	1	10
Housing Benefit Overpayments	Assistant Director – SSC	1	10
Budget Monitoring & Control	Chief Finance Officer	3	15
Teachers' Pensions contributions (Grant certification requirement)	Chief Finance Officer	1	5
<b>Continuous Auditing</b>			<b>130</b>
Operational Finance Control	Head of Operational Finance	1-4	
Cash Receipting	Head of Operational Finance	1-4	
Treasury Management	Head of Pensions	1-4	
Accounting & General Ledger	Head of Operational Finance	1-4	
Pension Fund Investment	Head of Pensions	4	
Accounts Receivable (Sundry Debtors)	Assistant Director – SSC	1-4	
Accounts Payable (Creditors)	Assistant Director – SSC	1-4	
Housing Benefits	Assistant Director – SSC	1-4	

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

Audit area	Client	Quarter	Days
Council Tax	Assistant Director – SSC	1-4	
NNDR	Assistant Director – SSC	1-4	
Payroll	Assistant Director – SSC	1-4	
<b>Sub-total – Key Financial Systems</b>			<b>180</b>
<b>School Audits Risk Based Programme</b>			
<b>Primary Schools</b>			
The Willow Primary	School Head Teachers		5
Chestnuts Primary	School Head Teachers		5
Devonshire Hill Primary	School Head Teachers		5
Earlham Primary	School Head Teachers		5
Earlsmead Primary	School Head Teachers		5
Highgate Primary	School Head Teachers		5
Risley Avenue Primary	School Head Teachers		5
St Francis de Sale Primary	School Head Teachers		5
St Ignatius Primary	School Head Teachers		5
St James C of E Primary	School Head Teachers		5
Stamford Hill Primary	School Head Teachers		5
South Haringey Infants	School Head Teachers		5
Rowland Hill Nursery	School Head Teachers		5
<b>Secondary Schools</b>			
Gladesmore Secondary	School Head Teachers		6
Parkview Secondary	School Head Teachers		6
Schools Governance and Finance	Assistant Director for Schools and Learning		20
Follow up of 2017/18 school audits	School Head Teachers		25
<b>Sub-total – School Audits</b>			<b>122</b>
Follow up of Audit Recommendations			20
Admin and Management			40
Risk Management			15
Contingency			40
<b>Total</b>			<b>727</b>