

Report for: Corporate Committee – 09 July 2018

Item number:

Title: Updated Annual Internal Audit Plan and Strategy 2018/19

Report authorised by : Assistant Director of Corporate Governance

Lead Officer: Minesh Jani, Head of Audit and Risk Management
Tel: 020 8489 5973
Email: minesh.jani@haringey.gov.uk

Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** Non-key decision

1. Describe the issue under consideration

- 1.1 The Corporate Committee is responsible for reviewing and approving the annual internal audit plan as part of its Terms of Reference. The Corporate Committee approved the plan for 2018/19 in March 2018 but members asked that the new Committee be provided with a copy of the plan for information and ratification.
- 1.2 In order to facilitate this, an updated internal audit plan for 2018/19, together with the internal audit strategy, is provided for review and approval by the Corporate Committee.

2. Cabinet Member Introduction

- 2.1 Not applicable.

3. Recommendations

- 3.1 That the Corporate Committee notes the changes made to the plan since the start of the financial year, see 6.5 below.
- 3.2 That the Corporate Committee reviews and approves the updated Annual Internal Audit Plan for 2018/19.

4. Reasons for decision

- 4.1 Local authorities are required by law to maintain an internal audit function. In addition, The Accounts and Audit Regulations 2015 reinforce the statutory requirement and re-state the need for the Council to maintain an adequate and effective system of internal audit.
- 4.2 The annual internal audit plan is a key element in delivering the Council's statutory requirements. The Corporate Committee is responsible for ensuring that this is in place and approving the Council's Annual Internal Audit Plan.

5. Alternative options considered

5.1 Not applicable.

6. Background information

- 6.1 The methodology for developing the Internal Audit Plan focuses upon the quantification of the risks associated with achieving corporate and directorate objectives. At Haringey, the Internal Audit service is delivered by Mazars, who undertake the majority of the internal audit work in accordance with the contract in place, including IT and procurement audit. Following the introduction of Shared Digital, some assurances in 2018/19 and future years are likely to come from the Camden and Islington Audit Team. We are working with the Heads of Audit at Camden and Islington to develop an methodology to share common assurances.
- 6.3 The in-house corporate anti-fraud team is responsible for investigations into allegations of financial irregularity, pro-active and reactive corporate anti-fraud work, provision of advice on risk and controls and some grant certification work.
- 6.3 Appendix A contains the proposed annual audit plan for 2018/19, which is risk based and has been derived following consideration of: the Corporate Plan and related Priorities; organisational changes; risk registers; corporate programmes and projects; the Annual Audit and Inspection Letter; changes to legislation; and fraud investigation work completed in 2017/18.
- 6.4 This approach reflects current best practice requirements for internal audit and ensures that, over the life of the contract, the Council's key financial and non-financial systems and services will be appropriately reviewed according to risk. This approach also ensures that the Council operates a fully integrated internal audit and risk management process.
- 6.5 Appendix A also includes the audit strategy, which was used to deliver the Council's internal audit plan. The strategy complies with the statutory 2013 UK Public Sector Internal Audit Standards (PSIAS), which provide a consistent framework for internal audit services across the UK public sector.
- 6.6 The overall size and financial cost of the plan is unchanged however the following changes have been made to the contents of the audit plan since March 2018:
- Management have commissioned specialist advice with regards GDPR and will gain assurances from this work. The audit has been deferred to Q3.
 - The HR policies work will now cover three areas in the year and the timing has been adjusted for when this work needs to be completed.
 - Key Financial Controls and Grants and Loans work was completed as part of the 2017/18 audit plan as days became available.
 - Increased scope on New Homes Work and Specialist Team delivering required a revised budget.
 - Carry forward the School Admissions, High Needs Funding and High Cost Placement audits from 2017/18 to Q1 2018/19.
 - Gladesmore Secondary school not due for audit until 2019/20.

7. Contribution to strategic outcomes

- 7.1 Internal audit is an important element of the Council's assurance processes. The internal audit and counter-fraud teams make a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all Priority areas. The annual audit plan is a key element in ensuring the Council complies with its statutory responsibilities.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

8.1 Finance and Procurement

There are no direct financial implications arising from this report. The work which will be completed by Mazars to undertake the annual audit plan in 2018/19 is part of the contract, which was re-let following Cabinet approval in January 2018 in accordance with EU regulations. The costs of this contract are contained and managed within the Audit and Risk Management revenue budgets, which are monitored on a monthly basis.

The Chief Finance Officer confirms that the presentation of the attached draft annual internal audit plan for approval by this Committee meets the Council's statutory requirement under the 2015 Accounts and Audit Regulations.

8.2 Legal

The Assistant Director, Corporate Governance has been consulted in the preparation of this report, and in noting that the plan and strategy follow best practice and industry standards respectively, confirms that there are no direct implications arising out of the report.

8.3 Equality

The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- advance equality of opportunity between people who share those protected characteristics and people who do not;
- foster good relations between people who share those characteristics and people who do not.

As contracted providers of Haringey Council, the internal audit contractor is required to demonstrate a strong commitment to equality and fairness in their actions and work practices, and adherence to the Equality Act 2010. Ensuring that the Council has effective internal audit and assurance arrangements in place will also assist the Council to use its available resources more effectively.

9. Use of Appendices

Appendix A – Annual Internal Audit Plan and Strategy 2018/19.

10. Local Government (Access to Information) Act 1985

Not applicable.