

**Internal Audit
Quarter 1 Internal Audit Report
2019/20
London Borough of Haringey**

August 2019

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Executive Summary

Introduction

This is our first report to the Corporate Committee for the 2019/20 financial year including details of all reports which have reached final stage since our last report of 2018/19. The report provides information on assurance opinions on areas we have reviewed and gives an indication of the direction of travel for key systems work which will provide Members with information on how risks are being managed over time. Full copies of our audit reports will be provided upon request.

All recommendations are agreed with Council officers, and any disputes are discussed prior to the final report being issued. All recommendations to address any control weaknesses highlighted within this report have been agreed. Officers' actions to address the recommendations, including the responsible officer and the deadline for completion, are fully detailed in the individual final audit reports.

The attached tables reflect the status of the systems at the time of the audit, and recommendations may already have been implemented by Council officers by the time the final report is issued and reported to the Corporate Committee.

As a reminder, our recommendations are prioritised according to the following categories:

- Priority 1* - major issues for the attention of senior management
- Priority 2* - other recommendations for local management action
- Priority 3* - minor matters and/or best practice recommendations

From 1st April 2019, we have reviewed our assurance ratings so that the “Full” rating has been removed. “Substantial” now become the highest rating available with a new rating of “Adequate” inserted between “Substantial” and “Limited”. This was because it was felt that “Full” assurance was too hard to attain and we now have greater leeway to reflect positive outcomes. A summary of the new framework of assurances is given below:

Definitions of Assurance Levels	
Level	Description
Substantial Assurance:	Our audit finds no significant weaknesses and we feel that overall risks are being effectively managed. The issues raised tend to be minor issues or areas for improvement within an adequate control framework.
Adequate Assurance:	There is generally a sound control framework in place, but there are significant issues of compliance or efficiency or some specific gaps in the control framework which need to be addressed. Adequate assurance indicates that despite this, there is no indication that risks are crystallising at present.
Limited Assurance:	Weaknesses in the system and/or application of controls are such that the system objectives are put at risk. Significant improvements are required to the control environment.
Nil Assurance:	There is no framework of key controls in place to manage risks. This substantially increases the likelihood that the service will not achieve its objectives. Where key controls do exist, they are not applied.

Key Highlights/Summary of Quarter 1 2019/20:

2018/19 Internal audit reports finalised in the quarter:

- Child Sexual Exploitation
- SAP Application Review
- Accounts Receivable
- Council Tax
- NNDR

2018/19 Schools audit reports finalised in the quarter

- St Ignatius RC Primary School

2018/19 Draft internal audit reports issued this quarter

- Information Security

2019/20 Schools audit reports finalised in the quarter

- St Gilda's Junior School

2019/20 Draft internal audit reports issued this quarter

- Refuse Contract Management
- Belmont Junior School
- St Michaels CE Primary School

Audit Progress and Detailed Summaries

The following table sets out the audits finalised in Quarter 4 of 2018/19 financial year and the status of the systems at the time of the audit. It must be noted that the recommendations may already have been implemented by Council officers by the time the final report is issued and reported to the Corporate Committee.

Audit Title	Date of Audit	Date of Final Report	Assurance Level	Direction of Travel	Number of Recommendations (Priority)		
					1	2	3
2018/19							
Child Sexual Exploitation	Feb 19	July 19	Substantial	N/A	0	3	3
SAP	Mar 19	June 19	Limited	N/A	1	7	0
Accounts Receivable (Sundry Debtors)	Feb 19	June 19	Substantial	↔	0	1	2
Council Tax	Jan 19	June 19	Substantial	↔	0	1	1
NNDR	Jan 19	June 19	Substantial	←	0	3	0

As part of the 2018/19 Internal Audit Plan we have visited the following schools, completed a probity audit and during Quarter 1 issued a final report.

School	Date of Audit	Date of Final Report	Assurance Level	Number of Recommendations (Priority)		
				1	2	3
2018/19						
St Ignatius RC Primary School	Mar 19	June 19	Limited	3	9	3
2019/2019						
St Gilda's Junior School	May 19	July 19	Adequate	0	4	7

Statement of Responsibility

We take responsibility to the London Borough of Haringey for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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Mazars LLP
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