

Report for: Corporate Committee – 30 July 2020

Title: Updated Annual Internal Audit Plan - 2020/21

Report authorised by : Assistant Director of Corporate Governance

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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 internal audit plan as part of its Terms of Reference.

2. Cabinet Member Introduction

2.1 Not applicable.

3. Recommendations

3.1 That the Corporate Committee reviews and approves the updated Annual Internal Audit Plan for 2020/21 (Appendix B) and the proposed changes to the plan (Appendix A).

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 internal audit plan for 2020/21 was presented to the Corporate Committee on 8 April 2020 detailing the areas planned for audit in the financial year 2020/21. At that meeting of the Corporate Committee, the Head of Audit and Risk Management explained that in light of the impact of Covid-19, the internal audit plan will be reviewed to ensure the work on audit continued to focus on, and provide assurance to those areas that presented the highest risks. This was endorsed by the committee who asked for an updated internal audit plan at its next meeting.

- 6.2 Numerous meetings and discussions have taken place to discuss Covid 19 related risks with key stakeholders and in particular, between the Head of Audit and Risk Management and senior officers who sit on the Corporate Board to review and consider pertinent current risks. A number of new and significant risks have come to light recently that have a substantial impact on the audit plan. These are set out in Appendix A attached to this report.
- 6.3 Appendix B sets out the updated internal audit plan for 2020/21. It is important to note considerable uncertainty still remains of Covid-19 impact in this and subsequent financial years. The internal audit plan will have to be flexible to respond to emerging risks and provide assurance to the Council in its operations. The proposed annual audit plan for 2020/21 is risk based and has been derived following consideration of: the Borough 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 2019/20.
- 6.4 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. This team will carry out the post assurance work associated with the administration of various grants administered by local authorities under the guidance issued by the Department for Business, Energy and Industrial Strategy.

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 2020/21 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 proposed amendment to the Audit Plan agreed in April is noted and aims to respond to the on-going uncertainty and potential new risks created by Covid-19.

It is expected that any assurance work undertaken on behalf of Government, such as that described in para 6.4, will be reimbursed via new Burden Funding.

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 – Changes proposed to the Annual Internal Audit Plan 2020/21
Appendix B – Updated Internal Audit Plan 2020/21.

10. Local Government (Access to Information) Act 1985

Not applicable.