

Annual Report – Appendix Ec

Head of Audit Annual Report



Homes for Haringey

2021/22

Introduction

Purpose of this report

This report, and its appendices summarise the work of Internal Audit during the financial year 2021/22 and the main findings arising from our internal audit work can be found at Appendix A. Details of the anti-fraud work completed in 2021/22 which also supports the opinion is outline at Appendix B.

Overview of Internal Audit approach

Internal Audit's role is to provide assurance on the adequacy and effectiveness of Homes for Haringey's systems of governance, risk management and control.

Service Improvement 2021/22

We have embedded a new approach to follow up in 2021/22 to strengthen the timeliness of assurances available to management and the Audit and Risk Committee.

Introduction cont...

Provision of Internal Audit Services

The internal audit service for Homes for Haringey (HfH) is provided by Mazars Public Sector Internal Audit Limited (Mazars) and the Haringey Council Anti-Fraud Team, under an agreed SLA. The work delivered by Mazars forms part of Haringey Council's contract with the London audit and anti-fraud partnership framework agreement. The Council has entered into a contract to 31 March 2024, in accordance with EU regulations.

We have completed our work for 2021/22 and present this Annual Report to the Audit and Risk Committee. We have conducted our audits in accordance with the mandatory requirements of the 2017 UK Public Sector Internal Audit Standards (PSIAS).

Public Sector Internal Audit Standards – external assessment

In 2021/22 the Audit Service has been independently reviewed for compliance with the Public Sector Internal Audit Standards. An external review every five years is required. The review has confirmed out compliance with the Public Sector Internal Audit Standards. Th assessor has indicated two minor recommendations for improvement to be raised and these will be added to our existing quality improvement plan.

We would like to take this opportunity to thank HfH's management and staff for their assistance during the year.

Internal Audit – terms of reference

Role of Internal Audit

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve HfH's operations. Internal Audit helps HfH accomplish its objectives by bringing a systematic approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Independence of Internal Audit

The main determinant of the effectiveness of Internal Audit is that it is seen to be independent. To ensure this, Internal Audit operates within a framework that allows:

- a) Unrestricted access to senior management;
- b) Reporting in its own name; and
- c) Segregation from frontline and other operational functions.

The existence of Internal Audit does not reduce the responsibility of management to establish systems of internal control to ensure that activities are conducted in a secure, efficient and well ordered manner.

Scope of Internal Audit

The scope of internal audit allows for unrestricted coverage of HfH's activities and unrestricted access to all records and assets deemed necessary in the course of an audit. In addition, Internal Audit have unrestricted access to:

- The Board and the Audit and Risk Committee;
- HfH's Managing Director, Executive Directors and Managers; and
- All other HfH employees.

Overview of 2021/22

The Strategic Planning for 2021/22 was undertaken by the Council's Head of Audit & Risk Management and the Deputy Head of Audit & Risk Management with consultation with Mazars, Homes for Haringey Director of Governance and the Executive Leadership Team. The Audit Plan was approved by the Audit & Risk Committee who received quarterly updates regarding progress to deliver the plan, outcomes of audits and any changes to planned work proposed, during the year. The plan was reviewed in light of the Covid-19 pandemic as was the method of delivering the service in year.

As was reported in 2020/21 our audit plan continues to focus into areas of higher residual risk or where management have identified it as an area of concern or where an independent perspective on risk and control would be valuable. This is not a new approach but has again lead to slightly more negative audit assurances in the period.

Mazars have provided an summary outline within the Appendix to this report of the work delivered in year. All information contained within this report has been presented at the quarterly Committee meetings with the exception of four audits, which will be presented along side this Annual Report at the Committee's final meeting.

Along with the audit findings and assurances provided within the internal audit reports other key factors considered to inform the Head of Internal Audit Opinion include:

- 1) Progress to implement audit recommendations to improve the control environment, particularly where the priority assigned to the recommendation is high and/or where assurances have been below adequate;
- 2) Investigation findings where weaknesses in control have been identified;
- 3) Other insight gained by performing the Head of Audit role during the year.

Head of Audit opinion 2021/22

From the internal audit work undertaken in 2020/21, the Head of Audit's overall opinion is **Limited Assurance** regarding the adequacy and effectiveness of the controls in place within Homes for Haringey. This can be broken down further as follows:

- Assurance:
Financial
systems

In my opinion, with the exception of those areas where adequate assurance reports have been issued, the controls in place in those areas reviewed demonstrate weaknesses that put the system objectives at risk

- Assurance:
Non-financial
systems

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Specific issues for 2021/22

Of the seven completed assurance assignments, there were only two reports issued with an assurance of adequate. These were recent audits of Tenancy Management and Housing Rents. We note that the Rents system assurance has improved compared to the prior year report (this year was assigned Limited assurance in the last financial year). One report was given 'Nil Assurance' and four reports 'Limited Assurance'. Details are provided at Appendix A.

Key areas of concern noted were Declarations of Interest. This audit was completed early in the financial year, we have subsequently been able to follow up on the recommendations and although one of the two priority one recommendations was only partly implemented all other agreed management actions had been implemented.

Complaints received Limited Assurance. This audit was also completed early in the financial year and note a number of the management actions having been fully implemented by March 2022.

We have noted that some recommendations raised in our 2021/22 audits have affected by the planned insource to the council. These will be tracked as part of our council follow up work.

The work of the anti fraud team has returned to business as usual during 2021/22 after the challenges of COVID-19, however continues to be impacted by other demands on the service outside of the tenancy fraud work. The restructure of the tenancy management team has impacted during the year. Further details are highlighted at Appendix B.