

Report for: Corporate Committee – 15 November 2022

Item number:

Title: Internal Audit Progress Report 2022/23 – Quarter 2

Report authorised by: Director of Finance

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:** Information

1. Describe the issue under consideration

- 1.1 This report details the work undertaken by Internal Audit in the quarter ending 30 September 2022 and focuses on progress on internal audit coverage relative to the approved internal audit plan, including the number of audit reports issued and finalised. The Council's internal audit work is delivered by the external provider (Mazars).
- 1.2 Members requested an update on the implementation of audit recommendations raised prior to the insource of Homes for Haringey. The outcome of the follow review was performed in quarter 2.

2. Cabinet Member Introduction

- 2.1 Not applicable.

3. Recommendations

- 3.1 To note the audit coverage and follow up work completed.

4. Reasons for decision

- 4.1 The Corporate Committee is responsible for monitoring the completion of the annual internal audit plan and the implementation of agreed recommendations as part of its Terms of Reference.
- 4.2 In order to facilitate this, progress reports are provided on a quarterly basis for review and consideration by the Corporate Committee on the work undertaken by the Internal Audit Service in completing the annual audit plan. Where further action is required or recommended, this is highlighted with appropriate recommendations for the Corporate Committee.

5. Alternative options considered

5.1 Not applicable.

6. Background information

6.1 The information in this report and enclosed at Appendices A and B have been compiled from information held within Audit & Risk Management and from records held by Mazars.

7. Contribution to strategic outcomes

7.1 The internal audit work makes a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all key Priority areas.

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 completed by Mazars is part of the framework contract which was awarded to the London Borough of Croydon to 31 March 2024, in accordance with EU regulations. The costs of this contract are contained and managed within the Audit and Risk Management revenue budget. The maintenance of a strong internal audit function and a proactive and reaction fraud investigation team is a key element of the Council's system of Governance.

8.2 Legal

The Head of Legal and Governance has been consulted in the preparation of this report and advises that there are no direct legal implications arising from 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 – Mazars Progress report – Internal audit

Appendix B – Follow Up Audit Recommendations - Housing

10. Local Government (Access to Information) Act 1985

10.1 Not applicable.

11. Performance Management Information

11.1 Although there are no national or Best Value Performance Indicators, local performance targets have been agreed for Audit and Risk Management. Table 1 below shows the targets for each key area monitored and gives a breakdown between the quarterly and cumulative performance.

Table 1 – Performance Indicators

Ref.	Performance Indicator	2nd Quarter	Year to date	Year-end Target
1	Internal Audit work (Mazars) – Days Completed vs. Planned programme	15%	25%	95%
2	Priority 1 recommendations implemented at follow up	N/A	N/A	95%

12. Internal Audit work – Mazars

12.1 The activity of Mazars for the second quarter of 2022/23 is detailed at Appendix 1. Mazars planned to have delivered 252 days of the annual audit plan (840 days) by the end of the quarter (to 30 September 2022). In quarter 2 Mazars delivered 127.5 days bringing the year-to-date total to 212.5 days. Factors such as the need to undertake some schools and key finance systems audits in the year mean a lower proportion of work is started in Quarters 1 and 2. We have agreed a target of 60% with Mazars to be delivered by the end of quarter 3.

12.2 Members of the Corporate Committee receive detailed summaries of all projects for which a final report has been issued to allow for any concerns which members may have to be considered in a timely manner. Appendix 1 provides a list of all final reports which have been issued during the quarter.

12.3 Significant issues arising in Quarter 2

There are three reports issued that were assigned “Limited” assurance in this quarter.

Use and Control of CCTV – Limited Assurance

In January 2022, the CCTV service was relocated to a new control room in Alexandra House. At the time of the audit, work was still being undertaken to implement the new CCTV control room though management were keen to seek early input from internal audit.

The CCTV service is responsible for 164 camera assets which includes 40 cameras which can be remotely deployed. The CCTV team is led by the Head of Anti-Social Behaviour (ASB) and Enforcement and consists of a team of internal operators led by the Network & CCTV manager and CCTV supervisor.

Two Priority 1 and two Priority 2 recommendations were raised relating to compliance arrangements, data protection impact assessments, training and security controls. The two priority 1 recommendations related to the following: -

- The service did not have an established audit/compliance programme required under principle 10 of the Surveillance Code of Practice, however, it was noted that this was planned; and
- The service had not completed individual Data Protection Impact Assessments (DPIAs) for each newly installed camera / CCTV asset which the service is responsible for at the time of the audit. It was noted that an initial survey had been undertaken for each camera location (proposed or existing), though the impact / risks of each individual CCTV asset has not been assessed.

Management of Trees – Limited Assurance

The Council is responsible for the inspection and maintenance of approximately 35,000 trees with the number due to increase as the Council pursues its goal of meeting the London average tree canopy cover of 21% by 2036. The trees are spread across the “urban forest”, streets, parks, housing estates and woodland within the Borough. Trees require proactive inspection on a regular basis to identify any remedial actions to be taken to reduce the risk of harm to the public and property. A robust inspection programme with appropriate records is essential to mitigate the risk of the Council’s defences against insurance claims being weak.

Two Priority 1, two Priority 2 and one priority 3 recommendations were raised. Recommendations related to outdated strategy and risk assessment, monitoring of job completion and the oversight and reporting of service performance. The two priority 1 recommendations related to the following: -

- There was no reporting on tree inspection progress to an overseeing body on a regular basis. In addition, no formal KPIs had been established; and
- The Council’s Tree Strategy covers the period 2014 to 2018 and was out of date at the time of the audit. The audit found the tree Strategy had not been formally ratified by a governing body. The audit noted the service that a new Tree Strategy was being written and was scheduled to be ratified in September 2022. The Service was working to a draft Tree and Woodland Plan which dated June 2021.

Acquisition and Disposal

At its last meeting, the Corporate Committee asked for the status on the internal audit of the above audit. Mazars have completed their audit and assigned this area “Adequate Assurance”. Please refer to Appendix A for further details.

South Haringay School – Limited Assurance

In line with agreed protocols, the findings from this and other schools will be collated and presented to the Committee in the form of an annual report. For information, the auditors raised ten Priority 2 and eight Priority 3 recommendations to strengthen the control environment in the school. The recommendations related to finance/budget and procurement activities.

13. Follow Up – Housing Audit Recommendations

- 13.1 At its last meeting on 15 September 2022, the Committee asked for an update with regards to the recommendations raised for audits carried out of housing functions that were previously managed by Homes for Haringey. The majority of the functions are now managed by the Council.
- 13.2 In summary, of the 60 audit recommendations that remained relevant when Homes for Haringey was insourced, 56 recommendations had reached their original target for implementation. Of these, 13 could not be followed up and fully evidenced in time for reporting and of the remaining 43 recommendations, the follow up work completed shows 18 recommendations were fully implemented; 19 partly implemented and six have not been implemented. Further information is provided at Appendix 2.
- 13.3 Follow up work in this area is on-going and will continue to be reported internally to management as part of the wider council follow up arrangements.