

**Report for:** Audit Committee – 11 March 2025

**Item number:** 10

**Title:** Annual Internal Audit Plan, Strategy and Charter 2025/26

**Report authorised by :** Director of Finance

**Lead Officer:** Minesh Jani, Head of Audit and Risk Management

**Ward(s) affected:** N/A

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

**1. Describe the issue under consideration**

- 1.1 The Audit Committee is responsible for reviewing and approving the annual internal audit plan as part of its Terms of Reference.

**2. Cabinet Member Introduction**

- 2.1 Not applicable.

**3. Recommendations**

- 3.1 That the Audit Committee reviews and approves the updated Annual Internal Audit Strategy and Plan for 2025/26 (Appendix A), the Internal Audit Charter (Appendix B) and notes the Internal Audit Protocol (Appendix C) and the Assurance Risk Map (Appendix D).

**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 Audit 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. The provision of Internal Audit is the responsibility of the Head of Audit and Risk Management and the operational delivery of audit assignments is by Mazars, who undertake the majority of the internal audit work in accordance with the contract in place, including Information Technology and

procurement audits. The Head and Deputy Head of Audit and Risk contract manage Mazars complete ad-hoc enquiries that arise during the year.

- 6.2 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 sets out the proposed annual audit plan for 2025/26. The plan is broadly based on a risk based and has been derived following consideration of the Corporate Delivery Plan and related Priorities; organisational changes; risk registers; corporate programmes and projects; changes to legislation and fraud investigation work completed in 2024/25.
- 6.4 In response to the financial challenges, the authority has sought exceptional financial support. This support aims to stabilise the authority's financial position and ensure the continued delivery of essential services. The Head of Audit acknowledges this financial position, consequently, the development of the internal audit plan has been adapted to reflect the new financial landscape and associated risks.
- 6.5 The Head of Internal Audit has considered the implications of seeking exceptional financial support from the MHCLG (Ministry of Housing, Communities & Local Government) that the authority needs to set a balanced budget. The following key themes have been integrated in developing the internal audit plan, and these recognise the likely additional actions necessary during the next financial year: -
- **Focus on Financial Stability and Compliance.** There are increased audits focusing on; significant areas of spend and income collection, financial management practices and service redesign and management. This is to ensure that the exceptional financial support is utilised effectively and in compliance with government guidelines;
  - **Enhanced Risk Assessment.** To conduct comprehensive risk assessments to identify potential areas of financial mismanagement or inefficiency with priority audits based on the risk assessment outcomes. This approach will seek to identify and mitigate new risks arising from the receipt and utilisation of government support;
  - **Monitoring and Reporting.** To implement regular monitoring and reporting mechanisms to track the use of all funds and ensure that audit findings are communicated to relevant stakeholders promptly and acted upon. This will provide transparent and timely reporting over the use of Council finances, including the financial support;
  - **Resource Allocation.** The resources available for internal audits are focused on areas impacted by the financial support, though it is recognised this may have to change to accommodate unforeseen events that may arise during the year. The aim is to allocate audit resources effectively to address high-risk areas;
  - **Stakeholder Engagement.** There will need to be increase in communication regarding the audit plan and findings to ensure audits remain focused on high risk areas. The Head of Audit (or his deputy) have already begun attending all planning meetings with key stakeholders to understand the significance of risks and to share their insights to help focus the scope of

audits the most important areas. This will continue into the next financial year; and

- **Continuous Improvement.** To regularly review and update the audit plan to reflect changes in the financial environment and emerging risks and incorporate feedback from stakeholders to improve audit processes. This is to ensure the internal audit work remains focused and adapts to the evolving circumstances.

6.6 The Head of Audit recognises the financial challenge that has necessitated significant consideration of designing next year's internal audit plan. By focusing on financial internal controls, reviewing enhanced risk assessment processes, and agile internal audit planning, the service aims to provide assurance over the effective use of funds and maintain public trust.

6.7 The internal audit strategy is also captured at Appendix A. This report includes the Internal Audit Charter at Appendix B setting out how the internal audit service delivers the Council's internal audit plan. The strategy and charter comply with the statutory 2017 UK Public Sector Internal Audit Standards (PSIAS), which provide a consistent framework for internal audit services across the UK public sector. It is noted that new standards will come into force from 1 April 2025 and their implementation will require both the audit strategy and charter to be refreshed. The refresh will take place during the next financial year and the documents presented to the audit committee for approval. At this stage, fundamental changes are not expected of either document.

6.8 Appendix C is a schematic presentation of the audit process and will be used to ensure the auditees are clear about the audit process and for the timely delivery of internal audit work. This is provided to the Audit Committee for information.

6.9 In order to assess the areas of audit assurance, the Council's corporate risks are mapped against the areas of audit work at Appendix D. The purpose of this exercise is to present pictorially, a map of the risks where internal audit work provides assurance. The Audit Committee will note that the planned internal audit work provides assurance against the majority of risk areas.

## **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 2025/26 is part of the contract, which was re-let following Cabinet approval in January 2018 in accordance with EU regulations and subsequently extended. 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 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 for Legal & Governance has been consulted in the preparation of this report.

Part 3, Section B of the Constitution provides that the Audit committee will approve the internal audit charter and the risk based internal audit plan.

Regulation 3 of the Accounts and Audit Regulations 2015 requires the Council to ensure that it has a sound system of internal control which facilitates the effective exercise of its function and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective; and includes effective arrangements for the management of risk. The Regulations also requires the authority to undertake effective internal audit to evaluate the effectiveness of its risk management, control and governance processes taking into account public sector internal audit standards.

The Assistant Director of Legal and governance, noting the audit strategy and the charter follow best practice and industry standards, and the audit plan takes account of changes to legislation, 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 2025/26;

Appendix B – Internal Audit Charter;

Appendix C – Internal Audit Protocol; and

Appendix D – Assurance Risk Map.

**10. Background Papers**  
None