

**RECORD OF DECISION TAKEN UNDER
URGENCY PROCEDURES OR DELEGATED
AUTHORITY**

All requests for action to be taken in accordance with established urgency procedures or delegated authority must be accompanied by an appropriate report setting out all relevant considerations, in particular legal and financial considerations, and with a clear recommendation[s] for action, in order for an appropriate decision to be taken in accordance with the provisions of current legislation.

Log No.

Ward(s) affected: N/A

Title of Report:

Approval of the Annual Internal Audit Plan 2015/16

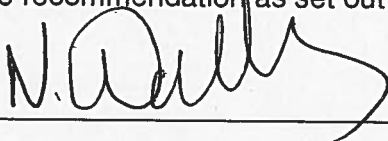
Reason for urgency or relevant paragraph for authority under scheme of delegation:

In accordance with Part 3 Section E paragraph 5.01(b) of the Constitution, the approval of the Annual Internal Audit Plan 2015/16 can be confirmed by the Chief Executive in consultation with the Chair of the Corporate Committee (Vice-Chair in the absence of the Chair), and reported up to Corporate Committee at the next opportunity.

Decision of Chief Officer

I approve the recommendation as set out in the attached report.

Signature



Date

2/04/15

Concurrence of the Chair of Corporate Committee

I concur with the above decision.

Signature



Date

14 April 2015

Once signed by the Chief Officer this cover sheet together with the substantive report must be forwarded to the Democratic Services Team - Level 5, River Park House - for processing. All requests for action to be taken in accordance with urgency procedures must be dealt with in this way to ensure that the Council complies with the necessary legal requirements. Thank you for your co-operation.



Haringey Council

Report for:	The Chief Executive April 2015	Item number	N/A
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Title:	Approval of Annual Internal Audit Plan 2015/16
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Report authorised by :	Assistant Director of Corporate Governance
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Lead Officer:	Anne Woods, Head of Audit and Risk Management Tel: 0208 489 5973
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Ward(s) affected: N/A	Report for Key/Non Key Decision: N/A
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- 1. Describe the issue under consideration**
 - 1.1 This report to the Chief Executive requests approval for the draft Annual Internal Audit Plan 2015/16.
- 2. Cabinet Member Introduction**

N/A
- 3. Recommendations**
 - 3.1 That, in consultation with the Vice-Chair of the Corporate Committee, to approve the Annual Internal Audit Plan 2015/16; and
 - 3.2 That the approval in 3.1 be with effect from the date of authorisation of the action; and that these changes be reported to the next ordinary meeting of the Corporate Committee, in accordance with Part 3 Section E paragraph 5 of the Constitution.
- 4. Background information**
 - 4.1 Local authorities are required by law to maintain an internal audit function. The Accounts and Audit (Amendment) (England) Regulations 2011 reinforce the statutory requirement and re-state the need for the Council to maintain an adequate and effective system of internal audit. In addition,



Haringey Council

the mandatory 2013 UK Public Sector Internal Audit Standards (PSIAS) require the audit plan to be communicated and approved by senior management and 'the board' which, according to the council's Internal Audit Charter, is defined as the Statutory Officers Group and the Corporate Committee.

- 4.2 Within Haringey, the Internal Audit function is comprised of Mazars, who undertake the majority of the internal audit work in accordance with the contract in place, including IT and procurement audit. 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.
- 4.3 The Corporate Committee is responsible for reviewing and approving the annual internal audit plan as part of its Terms of Reference. In order to facilitate this, a draft audit plan for 2015/16, together with the internal audit strategy, is provided for review and approval by the Corporate Committee in advance of the start of the year.
- 4.4 In order to comply with statutory requirements and enable audit to undertake reviews and provide assurance on the Council's key risk areas, approval is needed for the Annual Internal Audit Plan in advance of the start of the financial year. This will provide the authority for the work to be completed and enable the Council to comply with its statutory responsibilities.
- 4.5 The planned Corporate Committee for 26 March 2015 was cancelled and no further meetings are scheduled until the new municipal year, on 22 June 2015 therefore the annual audit plan needs to be approved using the urgency procedures. Delaying the approval for the audit plan to the end of the first quarter increases the risks in not being able to provide management and members with assurance over the key council systems; and not enabling sufficient time to complete audit work during the year.
- 4.6 Appendix A contains the proposed annual audit plan for 2015/16, which is risk based and has been derived following consideration of: the Corporate Plan and related Priorities; organisational changes; risk registers; corporate programmes and projects; new projects and procurement activities reported to the Cabinet; the Annual Audit and Inspection Letter; changes to legislation; and fraud investigation work completed in 2014/15. The draft 2015/16 Annual Internal Audit Plan was reviewed and approved at the Statutory Officers Group on 10 March 2015.
- 4.7 The Annual Internal Audit Plan 2015/16 will be confirmed as from the date that this action is dated.



Haringey Council

4.8 Where action is required to be taken by officers in between meetings then this can be enacted in accordance with Part 3 Section E paragraph 5.01(b) of the Constitution.

5. Comments of the Chief Financial Officer and Financial Implications

5.1 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 2015/16 is part of the contract which was awarded, in compliance with EU regulations, from 1 April 2012 and which was extended to 31 March 2016. The costs of this contract are contained and managed within the Audit and Risk Management revenue budgets which are monitored on a monthly basis.

5.2 The audit plan reflects current best practice requirements for internal audit in accordance with UK PSIAS and ensures that, over the life of the contract, the Council's key financial and non-financial systems and services will be appropriately reviewed according to risk. This approach also ensures that the council operates a fully integrated internal audit and risk management process.

5.3 The corporate anti-fraud team is responsible for investigations into allegations of financial irregularity, pro-active anti-fraud work, provision of advice on risk and controls and grant certification work. This is in addition to the planned work set out in Appendix A.

6. Comments of the Assistant Director Corporate Governance and Monitoring Officer, and Legal Implications

6.1 As this is a report from the Assistant Director, Corporate Governance, any legal implications are detailed in the body of the report.

6.2 The Assistant Director, Corporate Governance can also confirm that the reasons which give rise to the need to invoke the urgency provisions under Part Three, Section E, sub paragraph 5.01(b) of the Constitution are properly made out, and that the Chief Executive has the delegated authority to take the decision sought in consultation with the Chair of the Corporate Committee. In the absence of the Chair, this decision can be taken by the Chief Executive in consultation with the Vice-Chair.

7. Local Government (Access to Information) Act 1985

N/A

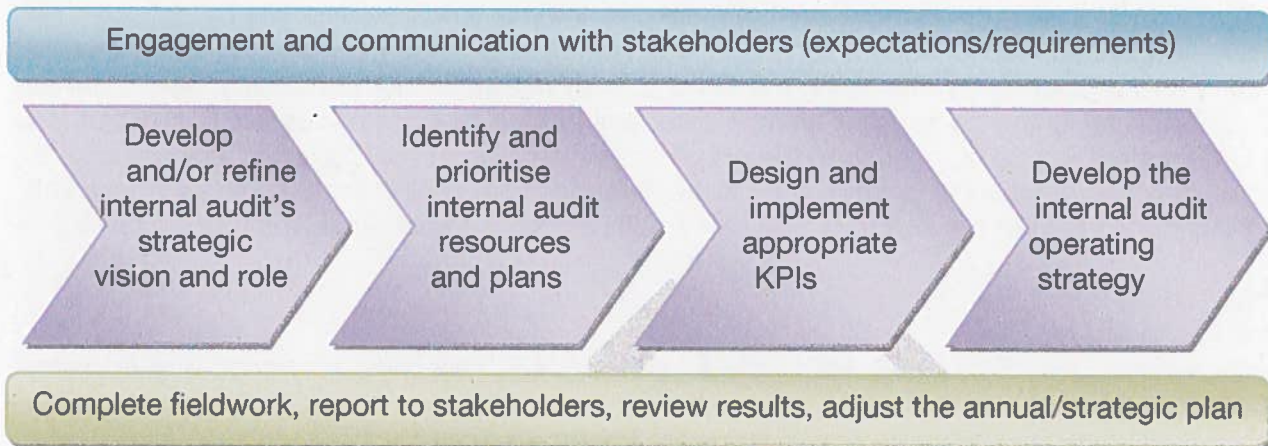
8. Equalities and Community Cohesion Comments

8.1 There are no equality and community cohesion implications in respect of this report.

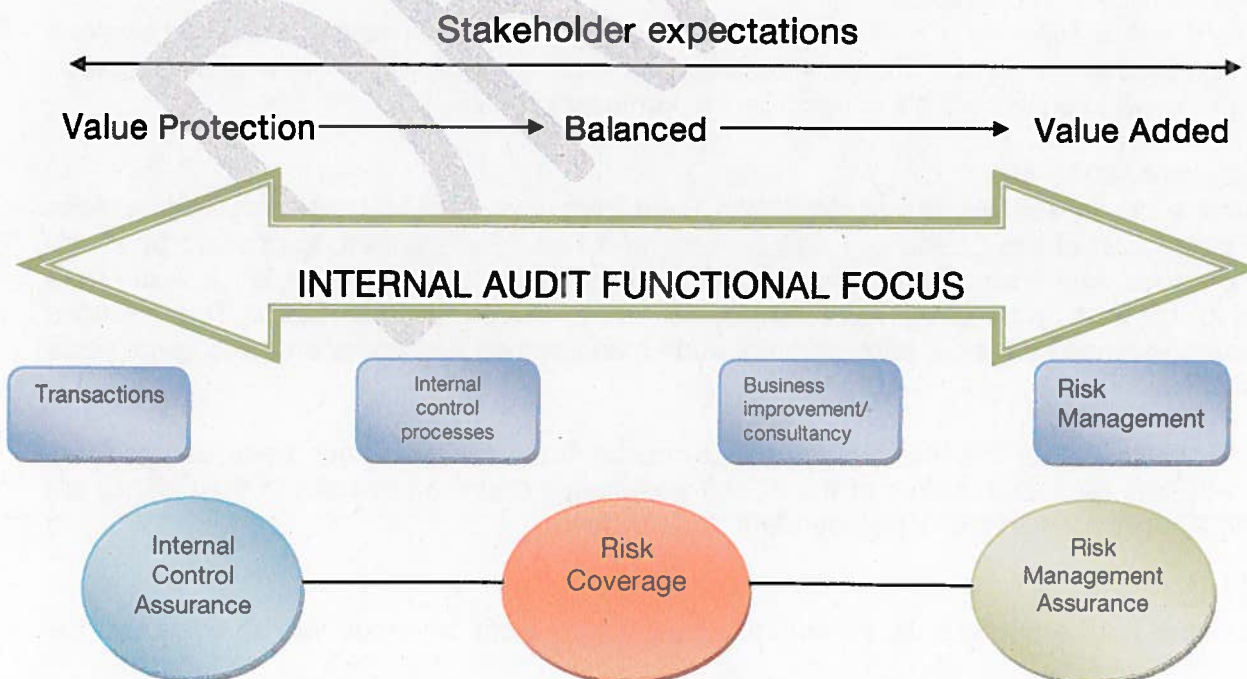
London Borough of Haringey - Internal Audit Strategy and Annual Audit Plan

Internal Audit Strategy – Introduction

Haringey’s internal audit function is driven by an appropriate strategy, rather than as a tactical response to operational issues, to minimise the risks that key strategic issues could be overlooked. Haringey’s framework has been developed to cover both strategic and tactical considerations and ensures that internal audit resources are used to provide the appropriate assurances for the organisation at any one time, as follows:



To create an effective internal audit function, internal audit’s key stakeholders will determine how the audit function delivers the desired value by focusing on e.g. risk management and control assurance; assessment of internal control effectiveness and efficiency; regulatory and corporate compliance assurance; developing awareness of risk and control across the organisation. Internal audit’s resources and plans are then aligned to the Council’s key business risks and operational and financial priorities as follows:



London Borough of Haringey - Internal Audit Strategy and Annual Audit Plan

Internal Audit Objectives

Haringey's approach is designed to enable internal audit's remit to evolve and develop as the organisation's needs change over time. As stakeholder needs evolve, internal audit can focus on creating value through assisting with improvements in operational processes. As Haringey's risk appetite changes, internal audit's strategy and functional focus can move from internal control, to risk management, assurance.

The internal audit strategy sets out how the Council's Internal Audit service will be delivered, in accordance with the Internal Audit Charter. Internal Audit will provide independent and objective assurance to the Council, its members, the Chief Executive and Senior Leadership Team and to the Chief Financial Officer to support them in discharging their responsibilities under S151 of the Local Government Act 1972, relating to the proper administration of the Council's financial affairs. It is the Council's intention to provide a best practice, cost efficient internal audit service which fulfils the requirements of the statutory 2013 UK Public Sector Internal Audit Standards (PSIAS).

Internal Audit's Remit

Internal Audit will:

- Provide management and members with an independent, objective assurance and advisory activity designed to add value and improve the Council's operations;
- Assist the Corporate Committee to reinforce the importance of effective corporate governance and ensure internal control improvements are delivered;
- Drive organisational change to improve processes and service performance;
- Work with other internal stakeholders and customers to review and recommend improvements to internal control and governance arrangements in accordance with regulatory and statutory requirements;
- Work closely with other assurance providers to share information and provide a value for money assurance service; and
- Participate in local and national bodies and working groups to influence agendas and developments within the profession.

Internal Audit will ensure that it is not involved in the design, installation and operation of controls so as to compromise its independence and objectivity. Internal Audit will however offer advice on the design of new internal controls in accordance with best practice.

Service Delivery 2015/16

The internal audit service will be delivered by a 'mixed economy' of externally procured services under the direction of the Council's Head of Audit and Risk Management, supported by an in-house Corporate Anti-Fraud Team. The Council participates in the London Audit & Anti-Fraud Partnership to work with other local authorities on a shared service basis. This includes appropriate: resource provision, joint working, audit management & strategy and a range of value added services.

The resources to deliver the internal audit and counter-fraud function have been assessed as adequate to fulfil the requirements of the PSIAS and ensure that the key risks of the Council are subject to an appropriate level of independent audit review.

Internal Audit Planning

Audit planning will be undertaken on an annual basis and audit coverage will be based on the following:

- Discussions with the Council's senior management, statutory officers and Priority Owners;

London Borough of Haringey - Internal Audit Strategy and Annual Audit Plan

- The Council's Risk Registers and Corporate Plan;
- Outputs from other assurance providers; and
- Requirements as agreed with the council's external auditors.

The annual Internal Audit Plan is composed of the following:

- **Corporate Plan/Priority and Business Area Risk Based Audits:** Audits of systems, processes or tasks where the internal controls are identified, evaluated and confirmed through risk assessment process. The internal controls depending on the risk assessment are tested to confirm that they operating correctly. The selection of work in this category is driven by internal audit's and senior managers' risk assessment and may also include work in areas where the Council services are delivered in partnership with or by other organisations.
- **Key Financial Systems:** Audits of the Council's key financial systems where external audit require annual assurance as part of their external audit work programme.
- **Probity Audit (schools establishments):** Audit of a discrete unit. Compliance with legislation, regulation, policies, procedures or best practice is confirmed. For schools this includes assessment against criteria included in the Schools Financial Value Standard.
- **Computer Audit:** The review of ICT infrastructure and associated systems, software and hardware.
- **Contract and Procurement Audit:** Audits of the Council's procedures and processes for the letting and monitoring of contracts, including reviews of completed and current contracts.
- **Counter-Fraud and Ad-Hoc Work:** The in-house Corporate Anti-Fraud Team undertakes a programme of pro-active and reactive counter-fraud investigations. A contingency of audit days are also included in the annual audit plan to cover any additional work due to changes or issues arising in-year.

Follow-up

Internal Audit will evaluate the Council's progress in implementing audit recommendations against agreed targets for implementation. Progress will be reported to management and to the Corporate Committee on a quarterly basis. Where progress is unsatisfactory or management fail to provide a satisfactory response to follow up requests, Internal Audit will implement the escalation procedure as agreed with management.

Reporting

Internal audit reports the findings of its work in detail to local management at the conclusion of each piece of audit work and at the follow up stage. Summary reports are also provided to the Corporate Committee on a monthly basis and high level reports provided on a quarterly basis. This includes the Head of Internal Audit's annual report which contributes to the assurances underpinning the Annual Governance Statement of the Council.

London Borough of Haringey - Internal Audit Strategy and Annual Audit Plan

Internal Audit Plan 2015/16

The 2015/16 annual internal audit plan has been discussed and agreed with the Chief Executive; Senior Leadership Team; Statutory Officers' Group; Priority Owners; and nominated clients for the work. The plan and strategy are submitted to the Corporate Committee for final approval and any significant changes to the annual internal audit plan and/or the internal audit strategy will be reported during the year to the Corporate Committee for formal approval.

The table below sets out the internal audit work to be completed during 2015/16 by the external contractor. The total number of days to be delivered is 800; which does not include audit work that will be completed as part of the Service Level Agreement with Homes for Haringey, or the corporate anti-fraud team's work.

The work planned for 2015/16 aims to provide coverage across the value protection and value added requirements of the Council. The internal audit service has focused its 2015/16 annual plan to align it with the identified key risks within the Corporate Plan in order to provide assurance across the Priority areas. Assurance on Priority 5 key risk areas will be provided via internal audit's annual audit plan delivered via Homes for Haringey.

Audit area	Client	Quarter	Days
Corporate Risk Audits			
Programme and Project Management – key corporate programmes and projects (governance, performance, compliance)	Assistant Director for Corporate Programme Office and Chief Information Officer	1-4	80
Risk Registers – controls testing for key risk registers	Assistant Director Corporate Governance	1-4	10
Whistleblowing – compliance with statutory and local requirements	Assistant Director Corporate Governance	2	5
Scheme of delegation/authorisation – compliance with legislation.	Assistant Director Corporate Governance	2	10
Multi-agency working – security of data, governance arrangements, performance monitoring and management.	Chief Operating Officer	3	10
Implementation of Employee Support process – with Wittington Hospital	Assistant Director – Human Resources	2	10
Sub-total – Corporate Risk Audits			125
Corporate Plan – Priority Risk Audits			
Priority 1 – Outstanding for all			
Child Protection Information Sharing (CPIS) project – governance, security, information sharing arrangements	Director of Children's Services	4	10
Children and Families Act 2014 – adoption and fostering services	Director of Children's Services	2	10
Special Educational Needs and Disabilities (SEND) – compliance with statutory requirements.	Director of Children's Services	1	10
Child Sexual Exploitation (CSE) – compliance with procedures, monitoring, data sharing/security.	Director of Children's Services	3	10
Sub-total Priority 1			40

London Borough of Haringey - Internal Audit Strategy and Annual Audit Plan

Audit area	Client	Quarter	Days
Priority 2 – Outstanding for all			
Court of Protection and Receivership, Deprivation of Liberty (DoLS) – compliance with statutory requirements	Director for Adult Social Services	2	10
Care Act 2014 – assessment, budget management processes	Director for Adult Social Services	3	10
Better Care Fund – pooled budget, governance, data collection	Director for Adult Social Services	3	10
Community Alarm and Telecare Service – service provision, performance management	Director for Adult Social Services	4	10
Sub-total Priority 2			40
Priority 3 – Clean and Safe			
Multi-agency working – Violence against women and girls and Community Safety – security of data, governance arrangements, performance monitoring and management.	Assistant Director for Environmental Services and Community Safety	3	10
Community engagement. Noel Park pilot, governance arrangements.	Assistant Director for Environmental Services and Community Safety	4	10
Parking enforcement – compliance with legislation, service commissioning.	Assistant Director for Environmental Services and Community Safety	4	10
Parks – events. Financial and contractual arrangements.	Assistant Director for Environmental Services and Community Safety	3	10
Commercial property – compliance with statutory and local requirements	Assistant Director for Environmental Services and Community Safety	1	10
Mortuary Service – compliance with statutory and local requirements	Assistant Director for Environmental Services and Community Safety	1	10
Sub-total Priority 3			60
Priority 4 – Sustainable Housing Growth and Employment			
Planning Services – compliance with statutory and local requirements	Assistant Director for Regeneration	2	10
S106/Community Infrastructure Levy (CIL) – compliance with statutory and local requirements	Assistant Director for Regeneration		
New Homes – delivery and re-housing processes, programme management.	Assistant Director for Regeneration	3	10
Hornsey Town Hall – tenancy/lease arrangements, compliance with local and statutory requirements	Assistant Director for Corporate Property and Major Projects	4	5
Sub-total Priority 4			25
Sub-total – Priority-based Risk Audits			165

London Borough of Haringey - Internal Audit Strategy and Annual Audit Plan

Audit area	Client	Quarter	Days
Corporate IT Audits			
NSL (Vehicle Recovery Service) – Application	Head of Information Technology	TBC	10
OneSAP – Application	Head of Information Technology	TBC	12
iWorld (Revenues and Benefits) Application	Head of Information Technology	TBC	12
Framework-i Application	Head of Information Technology	TBC	12
ILAP (Planning and Building Control system)	Head of Information Technology	TBC	10
IMPULSE (Schools Application – Admissions and Pupil Records System)	Head of Information Technology	TBC	10
Logotech (Treasury Management System)	Head of Information Technology	TBC	10
Sub-total – Corporate IT Audits			76
Contract and Procurement Audit			
Residential Care – adult and children’s services. Contract/performance monitoring, care quality.	Assistant Director for Commissioning	2	12
Specific Contract Audits – key council contracts	Head of Corporate Procurement	1-4	20
Post Contract Evaluation – key council contracts	Head of Corporate Procurement	3	10
Contract Monitoring and Management arrangements – key council contracts	Head of Corporate Procurement	1-4	20
EU contract regulations – compliance with legislation	Head of Corporate Procurement	4	10
Sub-total – Contract Audits			80
Key Financial Systems (KFS) and Corporate Finance			
Strategic Financial Management & Budgetary Control – high level review	Assistant Director – Finance	3	5
Cash Receipting – high level review	Assistant Director – Finance	3	5
Treasury Management – high level review	Assistant Director – Finance	3	5
Accounting & General Ledger – high level review	Assistant Director – Finance	4	5
Accounts Payable (Creditors) – Continuous audit, plus key controls review	Assistant Director – Finance	4	15
Pension Fund Investment – high level review	Assistant Director – Finance	4	5
Accounts Receivable (Sundry Debtors) – full review	Assistant Director – Finance	3	10
Housing Benefits – full review	Assistant Director – Customer Services	3	20

London Borough of Haringey - Internal Audit Strategy and Annual Audit Plan

Audit area	Client	Quarter	Days
Council Tax – full review	Assistant Director – Customer Services	4	15
NNDR – high level review	Assistant Director – Customer Services	4	5
Payroll – Continuous audit, plus key controls review	Assistant Director – Human Resources	4	15
Teachers’ Pensions contributions (Grant certification requirement)	Assistant Director – Finance	1	5
Sub-total – Key Financial Systems and Corporate Finance			110
School Audits			
The Willow	School Head teacher	TBC	5
Campsbourne	School Head teacher	TBC	5
Coleridge	School Head teacher	TBC	5
Earlsmead	School Head teacher	TBC	5
Highgate	School Head teacher	TBC	5
Lea Valley	School Head teacher	TBC	5
Muswell Hill	School Head teacher	TBC	5
St. Ignatius RC	School Head teacher	TBC	5
St. Paul’s RC	School Head teacher	TBC	5
St. Gilda’s RC Junior	School Head teacher	TBC	5
St. Mary’s Priory RC Junior/Infant	School Head teacher	TBC	5
Belmont Infants	School Head teacher	TBC	5
Gladesmore Secondary	School Head teacher	TBC	6
Follow up of 2014/15 school audits	School Head teachers	TBC	20
Sub-total – School Audits			86
Follow up audits 2014/15 audits			40
Admin and Management			80
Contingency			38
Total – Contractor delivered days			800

