



Haringey Council

Agenda item:

[No.]

Audit Committee

On 12 May 2008

Report Title: **Annual Internal Audit Plan and Audit Strategy 2008/09**

Forward Plan reference number (if applicable): **N/A**

Report of: **Head of Audit and Risk Management**

Wards(s) affected: **All**

Report for: Information

1. Purpose

1.1 The purpose of this report is to inform members of the proposed Annual Internal Audit Plan for 2008/09.

1.2 The report also advises Members of the internal audit strategy.

2. Recommendations

2.1 That the Audit Committee approves the Annual Internal Audit Plan for 2008/09 and the internal audit strategy.

Report Authorised by: **Chief Financial Officer**

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3. Local Government (Access to Information) Act 1985

3.1 For access to the background papers or any further information please contact Anne Woods on 0208 489 5973.

4. Background

- 4.1 Local authorities are required by law to maintain an internal audit function. In addition, The Accounts and Audit (Amendment) (England) Regulations 2006 reinforce the statutory requirement and re-state the need for the Council to maintain an adequate and effective system of internal audit.
- 4.2 Within Haringey, the Internal Audit function is comprised of Deloitte and Touche, who were re-appointed in 2007/08 as the council's internal auditors, and who undertake the majority of the internal audit work in accordance with the contract in place, including IT and procurement audit. The in-house team is currently responsible for investigations into allegations of financial irregularity.
- 4.3 The proposed annual audit plan for 2008/09 is fully risk based and has been derived following consideration of the risk and materiality (financial and other), of services and systems of the Council and the existing risk registers in place. This approach reflects current best practice requirements for internal audit and ensures that, over the life of the contract, the Council's key and higher risk 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.
- 4.4 Appendix A also includes the audit strategy which will be used to deliver the council's internal audit plan. As part of the contract with Deloitte and Touche, it is considered appropriate to keep members advised of the strategy and the way in which the service will be delivered and request their approval of it. The strategy has been drafted in line with the 2006 CIPFA Code of Practice and best practice guidance for public sector audit services.

5. The Annual Audit Plan 2008/09

- 5.1 The proposed annual internal audit plan for 2008/09 is attached as Appendix A to this report. It gives details of the planned audit work on the key financial and other systems of the Council. Appendix A summarises the work which will be undertaken at a corporate level, e.g. pro-active anti-fraud, risk management, and project management and also provides details of the work proposed for individual directorates.
- 5.2 We have included brief details of the planned scope for each project, although the detailed scope will be agreed with the client for the work at the planning stage of the audit. Timings for the projects have also been agreed with the nominated clients to take account of any cyclical or other work pressures, although these may be subject to change during the course of the year.
- 5.3 The proposed projects have been discussed with directors and their management teams and will be subject to further discussions with the nominated client for each audit as part of the detailed planning process. All completed projects are subject to a formal follow up review process and the results of the follow up reviews will continue to be reported for information to the Audit Committee, on a quarterly basis.
- 5.4 We will continue to work with the Council's external auditors, Grant Thornton, to ensure that audit coverage is maximised and duplication is avoided wherever possible in order to make the best use of our combined resources. A planned programme of meetings has been agreed to ensure that this is kept under review during 2008/09. We will

endeavour to ensure that the Council continues to make the most effective use of its audit resources.

5.5 Table 1 below summarises the numbers of projects planned for 2008/09 by directorate:

Table 1

Directorate	Projects
Corporate council-wide audits	15
Chief Executive – People and Organisational Development	4
Chief Executive – Policy, Performance, Partnerships, and Communication	5
Children and Young People’s Service (excluding schools)	3
Urban Environment	4
Adults, Culture and Community Services	7
Corporate Resources (including key financial systems)	13
Corporate Resources – IT audit	5
Corporate Resources – Procurement and contract audit	8
Total	64

5.6 Included in the above table (within Corporate Resources) are audits of key financial systems. We consider key systems to be those which are essential to the successful management of the Council, and where failure of the system would have a material effect on the organisation. These key systems, including payroll, accounts payable, accounts receivable, council tax, housing benefits etc. are therefore subject to regular review. This programme of work has been agreed with both the managers responsible and the council’s external auditors.

5.7 The number of projects listed in the table above excludes the follow up reviews and visits to individual establishments as part of the schools and social services programmes.

5.8 We will continue to provide support to key projects, including advice to project boards at key stages of the scheme, as well as undertaking reviews of individual projects to ensure that the project is complying with the required framework, and financial, reporting and other functions are being managed appropriately.

6. Recommendations

6.1 That the Audit Committee approves the Annual Internal Audit Plan for 2008/09 and the internal audit strategy.

London Borough of Haringey – Draft Internal Audit Plan and Strategy 2008/09

This document sets out the annual internal audit plan for Haringey internal audits to be completed during 2008/09. The audits proposed within the plan are based on the potential risks facing the council in 2008/09 and take into consideration the corporate, departmental and business unit risk registers to provide a fully integrated risk based plan. The proposed audits have been discussed and agreed with Directors and their management team and the plan is submitted to the Audit Committee for final approval.

The council's strategy for delivery of the audit plan is included at the front of the 2008/09 annual audit plan. The strategy is set out below and presented to the Audit Committee for formal approval. It builds on the work completed by Deloitte and Touche since their re-appointment in April 2007. It is proposed that this approach is used for the contract with Deloitte and Touche and any significant changes to the internal audit strategy are reported to the Audit Committee for formal approval.

1. Introduction

1.1 Purpose of the Internal Audit Strategy

The purpose of the draft internal audit strategy is to define the approach and methodology to be followed which will enable us to:

- Provide the Audit Committee with an opinion on the council's risk management, control and governance arrangements;
- Audit the risk management, control and governance arrangements through annual audit plans, which give priority to the organisation's objectives and risks;
- Identify improvements to the council's risk management, control and governance by providing management with recommendations arising from the audit work;
- Identify the audit resources required to deliver an audit service which meets relevant statutory requirements; and
- Ensure effective liaison and co-operation with both the council's and Homes for Haringey's external auditors.

1.2 Roles and Responsibilities

The role of internal audit is to provide an independent and objective opinion to the Audit Committee on risk management, control and governance. The opinion given by internal audit is a key element of the framework of assurance which the Audit Committee needs to report on as part of their statutory annual reporting processes.

The opinion can, however, only be reasonable in the sense that no opinion or assurance can ever be absolute and is by definition an extrapolation of the evidence available. It is important to note that in practice the scope of the audit opinion may be constrained by factors such as the scope of audit access.

The Internal Audit opinion does not supersede the Audit Committee's responsibility for risk, control and governance and as long as internal audit work is demonstrably conducted in accordance with the Standards on Due Professional Care there can be no question of internal auditors being responsible for control failures.

2. Internal Audit Coverage, Approach and Assurance

2.1 Internal Audit Coverage

2.1.1 Identifying Internal Audit Coverage

It is not necessary to audit every aspect of risk, control and governance every year, but in determining the internal audit coverage we have taken account of the following:

- The council's risk management processes and risk registers;
- The overall coverage will encompass the whole range of risks which the Council, and its external auditors, has identified as "key" to the achievement of its aims and objectives;
- High-risk systems or processes, as identified by the Council, will need to be audited on a regular basis to deliver the assurance required. However, such systems and processes need not be fully and systematically audited every year;
- An appropriate range of non-key risks will be included in each year's coverage to add to the comprehensiveness of the opinion;
- Risks not defined as key still require attention, to gain assurance that adverse impacts are not arising;
- In addition to existing risk, control and governance, consideration will be given to the extent of change taking place or planned to take place within the Council. Changing processes can be inherently more risky than established and known processes, and the identification and correction of weaknesses during development is more economical than after the process has been put in place; and
- Internal audit will discuss the assurance required with the Audit Committee to help ensure that appropriate coverage is planned.

2.1.2 Gathering of Information

To enable us to prepare our internal audit strategy and proposed annual operational plan we will consult with key officers within the Council. At this point we have prepared a draft plan based on the considerations at 2.1.1, together with the results of our previous years' work for Haringey Council and our knowledge of the organisation. The proposed coverage may be further amended following discussions with Directors and their management teams during the year. Any significant changes to the audit plan will be provided to the Audit Committee for formal approval.

2.2 Internal Audit Approach and Assurance

2.2.1 Risk Management Framework

The Council has a well established approach to risk management and the Audit Committee approves the council’s Risk Management Strategy. Risk management is included as part of the key corporate processes including business planning and final business plans, project management framework and the development of business unit, departmental and corporate risk registers. All of these areas are considered when producing the draft annual audit plan. In some cases, these procedures and processes may be included in the audit plan to be reviewed in their own right.

1.1.1 Assignment Planning

The assignments are planned to various depths and frequencies as follows:

Depth of audit

The definition of each type of audit is as follows:

Verification:

An audit to determine both the adequacy and effectiveness of the internal controls. Evaluating the adequacy of internal controls will normally involve:

- Confirming the risks and the possible causes preventing the achievement of the aims and objectives of the area/system; and
- Assessing whether the controls are sufficient for the level of risk in the achievement of the aims and objectives of the area / system.

Effectiveness testing is carried out on key controls, normally on a sample basis, to assess their effective operation in practice. Key controls are those identified as vital to prevent a particular error, or covering a large number of causes of error.

As an alternative to verification, for less significant areas and risks, a high-level audit will be carried out. This would determine if the documented risk is sensible, relevant and has an appropriate control strategy, action plan and assurance activities.

Validation:

An audit to ascertain that previous audit recommendations have been implemented effectively.

Follow up:

Frequency of audit

Each audit will be prioritised depending on its significance to Homes for Haringey and the planned depth and frequency will be as follows:

Priority Significance	Depth	Frequency of audit
High	Follow up and Verification	Annual
Medium	Follow up and Validation	Selected on the basis of risk
Low	Follow up and Validation	By Request Only

For each element of internal audit work identified, an estimate of the number of staff days, which will be required to conduct the work, will be made.

3. Relationship with External Auditors and other Assurance Providers

3.1 Relationship with the External Auditors

As the Council and Homes for Haringey's Internal Auditors we will seek to meet regularly with the External Auditors for both organisations to:

- Consult on the audit plans;
- Discuss matters of mutual interest;
- Discuss common understanding of audit techniques, methods and terminology; and
- Seek opportunities for co-operation in the conduct of audit work.

In particular, we will offer the External Auditors the opportunity to rely on our work where appropriate. In any case of conflict with the External Auditors, we will consult with, or refer the matter to, the Chief Executive of the Council and/or Homes for Haringey.

3.2 Reliance on Other Assurance Providers

It is not always necessary for internal audit to audit processes directly in order to gain assurance about them. The council's risk management processes identifies the officers responsible for managing risks and/or controls. As part of each audit we will consider the following:

- What other assurance processes are in place (e.g. Stewardship Reporting processes, documented CRSA reviews, the work of other review or inspection teams); and
- The way in which these processes can themselves be audited and quality assured, in order that Internal Audit can consider how the work of these assurance processes can contribute to the overall assurance (without conduct of audit work which repeats actions already taken). This may involve:
 - Specific quality assurance audits of other assurance processes;
 - Auditing on a sample basis the specific work of assurance functions to gauge reliability of findings; and
 - Joint working with other review teams.

4. Reporting Protocols

1.1 Timing of Audits and Notification

Following approval of the annual internal audit plan, planning meetings will be arranged with the relevant managers to agree the detailed terms of reference for the relevant audit. This will take place at least three weeks before the commencement of the audit. Terms of reference will include the area objectives, audit scope and approach, planned schedule of interviewees, planned budget days and planned date for the exit meeting.

4.2 Reporting

4.2.1 Audit Reports

We have an agreed audit reporting protocol, which sets out the key stages of each audit and the responsibilities of both the auditor and the service managers and this has been provided to all service directors. Formal audit reports will be produced for each audit project contained within the annual audit plan, including establishment audits. The style of report may be varied by agreement with the relevant service director and Audit Manager, for example if major findings arise in one area. Following completion of the fieldwork, the auditor will provide feedback on the findings to the service manager in an exit meeting. Draft audit reports will be produced within three weeks of this meeting with final reports being issued within two weeks of the receipt of management's response to the draft report.

Reports will normally be produced in the agreed format. This will include:

- An executive summary explaining the context of the audit, summarising all conclusions and highlighting key issues arising;
- Detailed recommendations supported by a rationale together with management response, responsibility and agreed deadlines for implementation; and
- Timing of audit follow up work where appropriate.

Audit reports will provide an overall opinion on the level of control exercised over the auditable area or risk. This opinion will be based on the findings from the audit which will be assessed as follows:

<i>Priority 1:</i>	Critical business risk not being adequately addressed; weaknesses in key business controls; substantial non-conformance with regulations and accepted standards.
<i>Priority 2:</i>	Important business issues to be addressed; improvement area; inadequate risk identification or reduction; non-conformance with regulations.
<i>Priority 3:</i>	Minor non-conformances with the business management system; other business issues to be addressed, good working practices.

The following levels of opinion will be used in audit reports:

<i>Full Assurance:</i>	There is a sound system of control designed to achieve the system objectives.
<i>Substantial Assurance:</i>	There is a basically sound system, but there are weaknesses which put some of the system objectives at risk.
<i>Limited Assurance:</i>	Weaknesses in the system of controls are such as to put the system objectives at risk.
<i>No Assurance:</i>	Control is generally weak leaving the system open to significant error or abuse.

4.2.2 Audit Committee Reports

A progress report will be presented to the council's Audit Committee on a quarterly basis, and will include the following details for each of the completed internal audits:

- Objectives of the audit;
- Overall conclusion about the level of assurance;
- Number of recommendations in each priority category;
- Full details of all Priority 1 recommendations;
- A note about any management responses which are of concern to the internal auditors; and
- A note about any failures by the management to fulfil the actions agreed in earlier internal audit reports.

Members of the Committee will also be provided with full copies of our audit reports upon request. An Annual Report to the council's Audit Committee will also be produced incorporating our annual opinion and an agreed statement of the overall assurance we are able to provide, and including details of audit coverage against audit plan, summary of major recommendations made, and commentary on significant areas or recommendations not implemented.

5. Quality Assurance

We are committed to delivering internal audit services of the highest quality and technical standards, which we achieve by:

- Applying an audit methodology and approach that complies with Government and professional standards, including those issued by the Auditing Practices Committee, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Institute of Internal Auditors (IIA). Our assignment methodology has been developed through experience to ensure that our procedures are of the highest quality.
- Ensuring that all our staff employ the most efficient audit techniques as a result of on-the-job training and specially tailored courses given by our specialist internal audit training division "Aid to Industry".

We have also produced a detailed written Quality Manual, which covers all aspects of our service provision and includes the following features:

- Quality procedures;
- Detailed approach and documentation;
- Complaints procedures;
- Professional standards;
- Customer care procedures;
- Quality audit procedures; and
- Nominated individuals responsible for quality.

5.1 Performance Indicators

With regards to the published Combined Code and Smith Report, section D3.2 (c), the council's Audit Committee should monitor and review the effectiveness of the organisation's internal audit function. We detail below the performance indicators which are currently provided to the Audit Committee for the Internal Audit Service:

- Achievement of the internal audit plan;
- Length of time taken to complete investigations into financial irregularities; and
- Evaluation of the service by client managers.

6. Resources

The internal audit service is delivered by a mix of in-house staff and an externally provided contract. The mix of resources and work was considered and approved by the Audit Committee in June 2006. A five year contract based on the Audit Committee's recommendations was awarded to Deloitte and Touche Public Sector Internal Audit Ltd, in accordance with council procedure rules, in April 2007. The two full time, permanent members of staff investigate potential breaches of the council's disciplinary codes of practice, as well as providing advice on risks and controls to managers and undertaking work to assist in the completion of specific grant certification processes. The outsourced contract will provide the remaining internal audit services in order to fulfil the council's statutory requirements under Section 151 of the Local Government Act 1972 and the Accounts and Audit Regulations. The contract for the outsourced audit work specifies the skills, resources and method statements required to enable delivery of the risk based audit plan.

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Haringey Internal Audit Coverage: 2008/09

The table below sets out the internal audit work to be completed during the 2008/09 financial year, which is in accordance with the contract. The total number of days to be delivered is 1,150; which does not include audit work that will be completed as part of the SLA with Homes for Haringey. The breakdown of work can be summarised as:

Area	Directorate	Days
Corporate Council wide Systems	All Directorates	20
Key Financial Systems	Corporate Resources	175
Directorate Systems and Risks	Corporate Resources	30
Procurement Audit	Corporate Resources	75
IT Audit	Corporate Resources	75
Project Management Assurance and Project Advice	All Directorates	80
Pro Active Fraud	All Directorates	40
Value for Money	All Directorates	15
Risk Management Development and Support	All Directorates	20
Directorate Systems and Risks	Urban Environment	60
Directorate Systems and Risks (including School Audits and FMSiS inspection for Primary Schools)	Children and Young Peoples Service	195
Directorate Systems and Risks	Adult, Culture and Community Services	80
Directorate Systems and Risks	Chief Executives - People and Organisational Development	60
Directorate Systems and Risks	Chief Executive - Policy, Performance, Partnerships and Communication	50
Follow Up	All Directorates	50
Management	All Directorates	100
Sub-total		1145
Contingency		25
Total		1150

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Corporate Council wide System Audits:

Audit title	Scope	Client	Quarter	Days
Risk Management	<p>Key processes to be covered by the audit include:</p> <ul style="list-style-type: none"> • Implementation of the risk management strategy; • Risk identification; • Risk assessment; • Risk treatment plans; • Risk reporting and action; • Cross departmental risk identification; and • Updating of risk registers. 	Head of Audit & Risk Management	2	10
Information management and security	<p>This will be a full review of the controls in place to ensure that the objectives of this service are met. We will review the following areas:</p> <ul style="list-style-type: none"> • Compliance with statutory requirements; • Documentation, policy and procedures; and • Evidence of compliance with corporate and local document and/or information management, security, storage and disposal procedures; and • Monitoring and reporting arrangements. 	Director of Corporate Resources	3	10
Total				20

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Corporate Resources – Key Financial Systems and Directorate systems and risks:

Audit title	Scope	Client	Quarter	Days
Strategic Financial Management & Budgetary Control	<p>High level system audit, including follow-up of previous audit recommendations, and including documentation, and testing of both key and significant controls covering the following areas:</p> <ul style="list-style-type: none"> - Budget setting; - Budgetary control and variance analysis; - Departmental management reporting; - Virements; - Corporate management reporting; and - Close down procedures. 	Head of Finance – Budgets, Projects & Treasury	3	15
Cash Receipting	<p>High level system audit, including follow-up of previous audit recommendations, and including documentation, and testing of both key and significant controls covering the following areas:</p> <ul style="list-style-type: none"> - Policies and procedures; - Staff training; - Reconciliations; - Posting of receipts to the general ledger; - Segregation of duties; - Investigation of unidentified payments; - Storage of income; - Banking of income; - Returned cheques; - Management information being produced; - IT access, security and disaster recovery. 	Head of Finance – Accounting & Control/ Head of Income & Debt Management	3/4	15
Treasury Management	<p>High level system audit, including follow-up of previous audit recommendations, and including documentation, and testing of both key and significant controls covering the following areas:</p> <ul style="list-style-type: none"> - Legislative requirements are complied with; - Council assets are protected; - Necessary financial information is provided to ensure that the performance of the Council's 	Head of Finance – Budgets, Projects & Treasury		10

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Audit title	Scope	Client	Quarter	Days
Accounting & General Ledger	<p>net cash flow is maximised;</p> <ul style="list-style-type: none"> - Regular reconciliation carried out to support the integrity of loans and investments made; - Reporting complies with the legislation; and - Access to data is restricted. <p>High level system audit, including follow-up of previous audit recommendations, and including documentation, and testing of both key and significant controls covering the following areas:</p> <ul style="list-style-type: none"> - Data entry; - Completion & recording of journals; - Management information & reports produced; - Feeder system and input to the Ledger; - Control account reconciliation; - Structure of the ledger; and - IT access, security & disaster recovery. 	Head of Finance – Accounting & Control	4	15
Creditors	<p>High level system audit, including follow-up of previous audit recommendations, and including documentation, and testing of both key and significant controls covering the following areas:</p> <ul style="list-style-type: none"> - Receipt & certification of invoices; - Input of invoices to system; - Payments; - Amendments to supplier master file; - BACS controls; - Cheque controls; - IT access, security & disaster recovery; and - Follow up. <p>Duplicate payments to be covered by the Pro Active fraud work with regards to Accounts Payable.</p>	Head of Corporate Procurement/P2P Performance Manager (Head of Finance – Accounting & Control, and Financial Systems Manager)	4	15
Pension Fund Investment	High level system audit, including follow-up of previous audit recommendations, and including documentation, and testing of both key and	Head of Finance – Budgets, Projects &	4	10

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Audit title	Scope	Client	Quarter	Days
Accounts Receivable (Sundry Debtors)	significant controls covering the following areas: - Guidance & training; - Verification of investments; - Purchases & sales; - Income; - Performance monitoring; and - IT access, security & disaster recovery High level system audit, including follow-up of previous audit recommendations, and including documentation, and testing of both key and significant controls covering the following areas: - Policies and procedures; - Raising of invoices; - Cash receipts; - Reconciliation to general ledger; and - Debt recovery.	Treasury	3/4	15
Housing Benefits	High level system audit, including follow-up of previous audit recommendations, and including documentation, and testing of both key and significant controls covering the following areas: - Policies and procedures; - IT access, security and disaster recovery; - Segregation of duties; - Compliance with scheme; - Scanning and Indexing; - Backdated claims; - Fraud management; - Payments; - Overpayments; - Appeals; - Reconciliation; - Quality Control; - Subsidy; - Budgetary control; and	Acting Head of BLT	3 or 4	20

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Audit title	Scope	Client	Quarter	Days
Council Tax	<ul style="list-style-type: none"> - Performance review. <p>High level system audit, including follow-up of previous audit recommendations, and including documentation, and testing of both key and significant controls covering the following areas:</p> <ul style="list-style-type: none"> - Organisational structure; - Methods of payment - Reconciliation between debit and valuation list; - Discount & reduction applications; - Billing; - Receipts from taxpayers; - Suspense accounts; - Debt recovery action; - Write off; - Monitoring of collection rates; - Reconciliation with general ledger; - Refunds; - Void allowances; - Benefits assessments; - Policies and procedures; and - IT access, security & disaster recovery. 	Acting Head of BLT	4	15
NNDR	<p>High level system audit, including follow-up of previous audit recommendations, and including documentation, and testing of both key and significant controls covering the following areas:</p> <ul style="list-style-type: none"> - Organisational structure; - Reconciliation between debit & valuation list; - Charitable relief; - Billing; - Receipts from taxpayers; - Suspense accounts; - Debt recovery action; - Write off; - Monitoring of collection rates; 	Acting Head of BLT	4	10

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Audit title	Scope	Client	Quarter	Days
<p>VAT</p>	<ul style="list-style-type: none"> - Reconciliation with general ledger; - Refunds; - Void allowance; - Policies & procedures; and - IT access, security & disaster recovery. <p>We will agree the areas of focus of our work with management at the time of the audit. The audit will focus on key areas of concern regarding aspects of the VAT procedures.</p>	<p>Head of Finance – Accounting & Control</p>	<p>3</p>	<p>20</p>
<p>Management of the general fund property portfolio – including repairs and maintenance procedures (Included on departmental risk register)</p>	<p>This will be a full systems review of the controls in place to ensure that the objectives of this service are met. We will review the following areas:</p> <ul style="list-style-type: none"> • Compliance with statutory requirements; • Documentation, policy and procedures; • Asset management strategy and monitoring arrangements; • Contract letting and monitoring arrangements, where relevant; and • Repairs and maintenance programme development; • Budget management and controls; and • Monitoring and reporting arrangements. 	<p>Head of Property Services/ Corporate Landlord Manager</p>	<p>2</p>	<p>15</p>
<p>Disposal of properties</p>	<p>This will be a full systems review of the controls in place to ensure that the objectives of this service are met. We will review the following areas:</p> <ul style="list-style-type: none"> • Compliance with statutory and local requirements; • Documentation, policy and procedures; • Links to asset management strategy and monitoring arrangements; • Approval processes for disposals; • Advertising, publicity and communications processes; • Updating of asset registers and notification 	<p>Head of Property Services/ Corporate Landlord Manager</p>	<p>2</p>	<p>10</p>

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Audit title	Scope	Client	Quarter	Days
Insurance arrangements (Included on departmental risk register)	procedures to ensure other departments' records, e.g. insurance and BLT, are updated. • Budget management and controls; and • Monitoring and reporting arrangements. This will be a high level review of operational and management controls, which will focus on identifying any changes to the system since the last full audit. Testing will focus on those controls which are key to the effectiveness of the system.	Head of Audit & Risk Management	1	5
Total				205

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Corporate Resources – Procurement Audit:

Audit title	Scope	Client	Quarter	Days
Compliance with CSO's – Member Services and Chief Executive	<p>This audit will cover general compliance with CSO's, in particular with regard to the use of approved suppliers, raising of Purchase Orders, use of petty cash for purchasing, travel bookings and use of purchasing cards. The audit will cover Member Services and Chief Executive (including Secretariat).</p> <p>This audit will cover the following areas:</p> <ul style="list-style-type: none"> • Identification of Suppliers; • Raising of Orders; • Cash Purchases; • Travel Bookings; and • Use of Purchasing Cards. 	TBC	TBC	10
Procurement Committee Minutes and Actions	<p>This audit will cover the controls in place with regard to the monitoring by Member Services of the actions included within Procurement Committee minutes, the sign-off from officers and the closure of completed actions.</p> <p>This audit will cover the following areas:</p> <ul style="list-style-type: none"> • Identification of Required Actions; • Monitoring of Actions; • Sign-off of Completed Actions; • Reporting of Completed Actions; and • Follow-up of Outstanding Actions. 	TBC	TBC	10
Cleaning Materials Procurement	<p>This audit will focus on the controls in place with regard to cleaning materials spend and volumes, types of product used against delivery points, and ordering and storage.</p> <p>This audit will cover the following areas:</p> <ul style="list-style-type: none"> • Identification of Material Requirements; • Procurement Arrangements (including selection of supplies); 	Head of Facilities Management	TBC	10

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	<ul style="list-style-type: none"> • Monitoring of Spending and Usage; • Identification of Delivery Points; • Ordering and Delivery; and • Stock Control. <p>This audit will cover the arrangements that exist for procuring, spending, accounting for and stocking of materials for swimming pools (including chemicals) and vending machine supplies.</p> <p>This audit will cover the following areas:</p> <ul style="list-style-type: none"> • Identification of material requirements; • Procurement Arrangements (including selection of supplies); • Monitoring of Spending and Usage; • Identification of Delivery Points; • Ordering and Delivery; and • Stock Control. 	AD – Recreation Services	TBC	10
<p>CYPS - Commissioning of Special Education Needs (SEN) Services</p>	<p>This audit will cover the arrangements that exist for the identification of SEN, procurement of services (including VFM considerations) and payment of invoices.</p> <p>This audit will cover the following areas:</p> <ul style="list-style-type: none"> • Identification of Client Needs; • Identification and Assessment of service providers (including VFM); • Procurement Arrangements; and • Invoicing and Payments. 	Deputy Director (Business Support & Development)	TBC	10
<p>Supporting People - Landlords</p>	<p>This audit will cover the arrangements that exist for the identification and procurement of landlords (and whether they represent VFM), monitoring of landlords and the control over payments to landlords.</p> <p>This audit will cover the following areas:</p> <ul style="list-style-type: none"> • Identification of Client Needs; • Identification and Assessment of 	Commissioning Manager – Commissioning Housing, Adults	TBC	10

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	<p>Landlords;</p> <ul style="list-style-type: none"> • Selection Criteria; • Monitoring of landlords; and • Processing of Invoices and Payments. <p>This audit will cover the arrangements in place for the procurement of external storage space, contractual obligations, accuracy of invoicing and payments, and existing controls over the identification and disposal of 'obsolete' material. This audit will cover the following areas:</p> <ul style="list-style-type: none"> • Procurement of External Storage Providers (including consideration for VFM); • Contractual Arrangements; • Usage and Spending; • Invoicing and Payment; and • Disposal and Destruction of Obsolete Material. 	AD – Culture, Libraries & Learning	TBC	10
Site Waste Management Plan	<p>From 1 April 2008, all construction projects valued at more than £300k are required to produce a 'Site Waste management Plan'. This will be a compliance audit, looking at contractors who have been commissioned for projects started since 1 April 2008 and confirming that plans exist and that they are adequate. This audit will cover the following areas:</p> <ul style="list-style-type: none"> • Completion of Plans; • Adequacy of Plans; • Reporting; and • Monitoring Arrangements. 	Construction Procurement Manager	3	5
Total				75

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Corporate Resources – IT Audit:

Audit title	Scope	Client	Quarter	Days
Framework -I	<p>The main Social Service's and Children and Young People's Service application deals with sensitive data and financial transactions. Data access is granted on a pilot basis to NHS Trusts. The system has recently been introduced and has not been previously audited.</p> <p>The audit will examine as appropriate user access structure, logical access controls and security configuration of the system, together with sample testing of input, output, processing; audit trail controls, backup procedures and Business Continuity / Disaster Recovery arrangements, and any interfaces.</p> <p>Particular consideration will be given to the Finance Module, including reconciliation processes and external access.</p>	E-care Business Process Change Manager/ Deputy Director – Children & Families	1	25
iWorld Database	<p>Management and support of the iWorld system has recently been brought 'in-house'. The application has been audited recently, however the security and management of the underlying database has not been previously audited. Security of the iWorld system is also dependent upon the security of the underlying database system, as compromise of this system will allow intruders direct access to all data in the iWorld system, bypassing the application system controls and audit trails.</p> <p>The primary objective of this review will be to assess the security and administration of the underlying database management system of the iWorld system.</p>	Acting Head of BLT	1-2	15
PCI Data Standards and audit compliance	<p>We will perform a high level gap analysis against the Payment Card Industry (PCI) Data Security Standard to which organisations that store, process and transmit payment card data are required to comply. Our audit objective is to assess the level of compliance to the information security management systems in place within the Council against the PCI Standard which has twelve specified requirements which</p>	Financial Systems Manager	1-2	15

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Audit title	Scope	Client	Quarter	Days
	<p>are detailed in sixty-eight controls, with further sub-controls. Consideration will be given to using the Deloitte 'Gap Analysis' Software tool which has been specifically designed to aid in the process of compliance work in relation to the PCI Data Security Standard.</p>			
SAP CRM – Application review	The audit will examine, as appropriate, user access structure, logical access controls and security configuration of the system, together with sample testing of input, output, processing, audit trail controls and any interfaces.	Financial Systems Manager	4	20
ALBACS	The audit will examine, as appropriate, user access structure, logical access controls and security configuration of the system, together with sample testing of input, output, processing; audit trail controls, interfaces, backup procedures and Business Continuity / Disaster Recovery arrangements.	Head of Finance – Budgets, Projects & Treasury	3	15
Total				75

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All Directorates:

Audit title	Scope	Client	Quarter	Days
Project Management Assurance	<p>The audit work will consider key projects, as identified by the Council as part of the overall delivery of the council plan and achieving excellence programme.</p> <p>As a result of the risk analysis undertaken on the Achieving Excellence and Project Management programmes, the following areas of work are recommended to be included in the project assurance plan:</p> <ul style="list-style-type: none"> Overall project management arrangements for the Achieving Excellence programme – to ensure that all projects are being managed effectively and in accordance with the agreed project management framework including terms of reference, PID documentation, budget statements, monitoring and reporting arrangements. Chestnuts Park. The project has been undertaken during 2007/08 and is nearing completion. It will be reviewed to provide assurance that all project management requirements have been fulfilled. Building Schools for the Future (BSF). As the BSF project moves into the construction phases, reviews of each phase will be undertaken to provide assurance that the project continues to be managed appropriately. 	<p>Achieving Excellence Programme Manager</p> <p>AD – Recreation Services</p> <p>BSF Programme Manager</p>	<p>1</p> <p>2</p> <p>3</p>	<p>10</p> <p>10</p> <p>10</p>

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Audit title	Scope	Client	Quarter	Days
	<p>• Spine Road. This project has been undertaken in 2007/08 and is continuing in 2008/09. It will be reviewed to provide assurance that all project management requirements are being fulfilled.</p> <p>• Sports and Leisure Services – Strategic renewals of Leisure Centres. This project is being undertaken in 2008/09. It will be reviewed to provide assurance that all project management requirements have been fulfilled.</p> <p>• Further areas will be included in the audit plan when the 2008/09 capital programme has been finalised and the projects to be managed via the council's project management framework have been identified.</p> <p>Each audit of individual projects will seek to identify and assess the application of the following key processes:</p> <ul style="list-style-type: none"> • Application of and compliance with the Council Project Management framework arrangements; • Project monitoring and reporting; • Link to revenue or capital budget and monitoring and identification of early signals of projects being under/over spent or delayed; • Impact of risks and issues, and the distinction between the two; • Delegation of responsibility; • Monitoring of the Critical Path; and • Actions to ensure delivery of the project, and contingency reporting and actions. 	<p>AD – Frontline Services/ Senior development officer (Mike Tobin)</p> <p>AD – Recreation Services</p> <p>To be confirmed during 2008/09</p>	<p>1</p> <p>1</p> <p></p>	<p>10</p> <p>10</p> <p>20</p>

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Audit title	Scope	Client	Quarter	Days
	<p>In addition to reviewing projects which are in progress, during 2008/09 Internal audit will undertake reviews of projects which have been completed to provide assurance that:</p> <ul style="list-style-type: none"> • the council's project management framework has been complied with; • project closure reports have been completed which include a review against original project objectives and benefits realisation at the completion of the project; • document management processes (including retention, storage and disposal) are in place with clearly defined responsibilities; and • any best practice or 'lessons learned' issues are identified and there is a mechanism to incorporate these into future projects. <p>Following a risk assessment of completed projects, the following areas will be reviewed in 2008/09:</p> <ul style="list-style-type: none"> • Aids and Adaptations; and • E-payments 			
Pro-active Anti-fraud	<p>Our work will cover high risk areas, where there have been previous fraud cases. We will also take into account the National Fraud Initiative and the Audit Commission and London-wide view of high risk areas.</p> <p>As a result of the risk analysis undertaken and fraud profiles, the following areas of work are</p>	<p>Head of Physical Disabilities</p> <p>Chief Financial Officer/IT Business Partner</p>	<p>4</p> <p>2</p>	<p>5</p> <p>5</p> <p>40</p>

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Audit title	Scope	Client	Quarter	Days
	<p>recommended to be included in the pro-active anti-fraud plan:</p> <ul style="list-style-type: none"> • Concessionary fares; • Carry forward of our data matching exercise relating to Residents Parking permits and Council Tax single occupancy discounts; and • Complete an programme of spot checks on establishment and service petty cash usage. 			
Value for Money	<p>We will continue our VFM work to cover areas of the Council not covered in the 2006/07 and 2007/08 Audit Plan. Areas that will be included within the coverage include:</p> <ul style="list-style-type: none"> • Costs within Business Units and services, including understanding of the cost identification and budget setting process; • Identification of performance of the Business Unit and services and linkages to cost. 	Chief Financial Officer/ Head of Performance and Policy	tbc	15
Risk Management Development and Support	<p>During the year we will liaise with key business unit managers and Directors for each Department across the Council with regard to facilitating the update of risk registers in accordance with the Council's Management of Risk Strategy.</p> <p>Where appropriate, we will either provide advice regarding controls to manage the risk, assess the adequacy of the controls identified and/or assess the effectiveness of the controls identified.</p>	All Directors and ACE's as required	1-4	20
Total				155

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Urban Environment Directorate:

Audit title	Scope	Client	Quarter	Days
Highways (contractor processes)	<p>Key processes to be covered by the audit include:</p> <ul style="list-style-type: none"> • Letting of contracts for highways services; • Verification of works completed; • Monitoring of service delivery and performance; • Progress reports and meetings; • Default notices; • Contract payments; and • Contract variations, including approval processes. 	Assistant Director – Frontline Services	1	15
Parking Services	<p>The Parking Services function will be subject to a business review during 2008/09. Internal audit will provide resources to review and test the key controls and procedures which will be put in place following the business review.</p>	Assistant Director – Frontline Services	4	10
Housing Register and choice based lettings	<p>This will be a full systems review of the controls in place to ensure that the objectives of this service are met. The audit will cover the following areas;</p> <ul style="list-style-type: none"> - Compliance with statutory requirements (the Housing Act) - Documentation, policy and procedures (for both services); - Assessment and approval processes for placement of clients on the Housing Register; - Points allocation and approval processes, including change of circumstances and allocation of additional points; - Monitoring and review of the Housing Register; - Application and operation of the Choice Based Lettings process; and - Monitoring and reporting arrangements. 	Assistant Director – Strategic and Community Housing	3	15
Planning Applications and Planning Enforcement processes	<p>This will be a full review of the controls in place to ensure that the objectives of this service are met. We will review the following areas:</p>	Assistant Director – Planning and	3	20

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<ul style="list-style-type: none"> • Compliance with statutory requirements • Documentation, policy and procedures (for both services); • Processes for receiving, processing and responding to planning applications, including the appeals process; • System and controls for setting charges, collection of income and reconciliation process; • Processes to issue enforcement proceedings; • Verification of compliance with enforcement notices and instructions; • Monitoring and review processes; • Escalation and default procedures for areas of non-compliance; • Appeals procedures and approval processes; and • Reporting and management information. 	<p>Environmental Control/ Group Manager Business Support Development & Performance</p>	
<p>Total</p>		<p>60</p>

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Children and Young People’s Service:

Audit title	Scope	Client	Quarter	Days
CYPS – departmental risk register testing	This will be a risk based audit focusing on testing of the key controls within the risk register for the service.	Deputy Director – Business Support & Development	2	5
Transport Services	<p>This will be a full review of the controls in place to ensure that the objectives of this service are met. We will review the following areas:</p> <ul style="list-style-type: none"> • documentation, policy and procedures; • application of the new transport contract in practice; • procedures for the awarding of new routes; • procedures for collection of income; • budget management and control; and • monitoring and reporting arrangements. 	Head of Commissioning & Business Management	1	10
Children’s Centres	<p>This will be a full review of the controls in place to ensure that the objectives of this service are met. We will review the following areas at a departmental level:</p> <ul style="list-style-type: none"> • Compliance with statutory requirements • Documentation, policy and procedures; • Monitoring of providers and contractors, where appropriate. <p>In addition, we will undertake establishment audits at Pembury and Broadwater Farm Children’s Centres to ensure compliance with established income and expenditure procedures; budget management; and procedures.</p>	Head of Youth Service	1	20
<p>Schools Audit Programme:</p> <p>Primary Schools</p>	A risk based approach is taken in completing the schools audit programme. Factors taken into account include:	Individual schools’ Head teachers/ CYPS Finance	1-4	100

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Audit title	Scope	Client	Quarter	Days
	<p>- History of inadequate financial management; and</p> <p>- Inability to manage deficits or surpluses.</p> <p>The audit will be a full review of the controls in place to ensure that the objectives of the service are met, covering the following areas:</p> <ul style="list-style-type: none"> • Management organisation; • School inspections and OFSTED; • Budgetary control; • Staffing; • Disbursement accounting records; • Asset management; • Unofficial Fund; • Data protection and security; • Income; • Health and safety; and • School meals. <p>Additionally, for Primary schools, work will also include a visit to schools to ascertain compliance with the statutory Financial Management Standard in Schools (FMSiS).</p>			
Secondary Schools (including FMSiS follow up)	A risk based approach, as for primary schools, is used to determine the audit programme for secondary schools.	Individual schools' Head teachers/ CYPS finance	1-4	50
FMSiS Advisory Work – Primary Schools	Resources have been included in the audit plan provide ongoing assistance and training for schools' Head teachers, finance officers and governors prior to the FMSiS work being undertaken at individual schools. We will liaise with the CYPS finance team to co-ordinate the support provided.	Individual schools' Head teachers/ CYPS finance	1-4	10
Total				195

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Adults, Culture and Community Services:

Audit title	Scope	Client	Quarter	Days
ACCS: – Adult Services risk register testing; – Commissioning & Strategy risk register testing;	This will be a risk based audit focusing on testing of the key controls within the risk register for the service. This will be a risk based audit focusing on testing of the key controls within the risk register for the service.	AD - Adult Services AD – Commissioning & Strategic Services	1 – 2 1 - 2	10 10
Establishments (including Residents' monies)	Spot checks will be completed during visits at a number of establishments during the year. Reporting will be completed to individual responsible members of staff and appropriate service managers.	AD - Adult Services	1	15
Commissioning of services (Included on departmental risk register)	This will be a full review of the controls in place to ensure that the objectives of this service are met, covering the following areas and control objectives: - Compliance with statutory requirements - Documentation, policy and procedures; - Tendering procedures; - Monitoring and review of service providers; - Invoices and payments to service providers; - Budget management and control; and - Monitoring and reporting arrangements.	AD – Commissioning & Strategic Services	3	15
Cemeteries and Crematorium	This will be a full review of the controls in place to ensure that the objectives of this service are met, covering the following areas and control objectives: - Compliance with statutory requirements - Documentation, policy and procedures; - Income collection and recovery; - Invoices and payments to external service providers where appropriate; - Budget management and control; and - Monitoring and reporting arrangements.	AD – Recreational Services	1	10

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Direct Payments	<p>This will be a full review of the controls in place to ensure that the objectives of this service are met, covering the following areas and control objectives:</p> <ul style="list-style-type: none"> - Compliance with statutory requirements - Documentation, policy and procedures; - Payments to clients and/or service providers; - Budget management and control; and - Monitoring and reporting arrangements. 	AD - Adult Services	1 - 2	10
<p>Libraries stock control (Included on departmental risk register)</p>	<p>This will be a full review of the controls in place to ensure that the objectives of this service are met, covering the following areas and control objectives:</p> <ul style="list-style-type: none"> - Documentation, policy and procedures; - Stock control procedures; - Security arrangements; - Recovery processes; - Budget management and control; and - Monitoring and reporting arrangements. 	AD – Adult Learning, Libraries & Culture	2	10
Total				80

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Chief Executive – People and Organisational Development:

Audit title	Scope	Client	Quarter	Days
Payroll & Expenses – Key financial system (annual audit)	<p>High level system audit, including follow-up of previous audit recommendations, and including documentation, and testing of both key and significant controls covering the following areas:</p> <ul style="list-style-type: none"> - Compliance with statutory requirements - Documentation, policy and procedures; - Reliability & integrity of transactions and records; - New starters and Leavers; - Payments, variations & adjustments to pay; - Payroll deductions; and - System reconciliation. 	tbc	tbc	15
Pre-employment checking procedures, including CRB checks.	<p>This will be a full review of the controls in place to ensure that the objectives of this service are met, covering the following areas and control objectives:</p> <ul style="list-style-type: none"> - Compliance with statutory requirements - Documentation, policy and procedures; - Referral processes to other government agencies where appropriate - Follow up procedures in respect of employees who hold temporary visa/work permits; and - Monitoring and reporting arrangements. 	tbc	tbc	15
HR spot checks – compliance with HR procedures (to include 4 business units local and central)	<p>This will be a full review of the controls in place to ensure that the objectives of this service are met, covering the following areas and control objectives:</p> <ul style="list-style-type: none"> - Compliance with statutory requirements - Documentation, policy and procedures; and - Monitoring and reporting arrangements. 	tbc	tbc	20
Implementation of the equal pay project (Included on departmental risk register)	<p>This will be a full review of the controls in place to ensure that the objectives of this project are met.</p>	tbc	tbc	10
Total				60

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Chief Executive - Policy, Performance, Partnerships and Communication:

Audit title	Scope	Client	Quarter	Days
PPPC – departmental risk register testing	This will be a risk based audit focusing on testing of the key controls within the risk register for the service.	Assistant Directors	2	10
Complaints procedures	<p>This will be a full review of the controls in place to ensure that the objectives of this service are met. We will review the following areas:</p> <ul style="list-style-type: none"> • Compliance with statutory requirements • Documentation, policy and procedures; • processes for receiving, processing and responding to complaints, including the appeals process • Document and information management processes will be reviewed where appropriate. 	Corporate Head of Performance & Policy	2	10
Area based Grant	<p>This will be a full review of the controls in place to ensure that the objectives of this service are met. We will review the following areas:</p> <ul style="list-style-type: none"> • Compliance with statutory requirements • Documentation, policy and procedures; • Governance arrangements for the area based grant and partner organisations; • monitoring and reporting arrangements; and • risk registers of partner organisations. 	ACE – Policy, Partnerships, Performance & Communication	2 - 3	10
Equalities and Diversity	<p>Key processes to be covered by the audit include:</p> <ul style="list-style-type: none"> • Identification and communication of the requirements for implementing the Equalities Public duties scheme; • Strategy for implementation of the scheme; • Setting of departmental plans to implement the Strategy; • Monitoring of implementation; and • Feedback and reporting arrangements. 	Corporate Head of Performance & Policy	3	10

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<p>Emergency Planning Procedures (Included on Corporate risk register)</p>	<p>This will be a full review of the controls in place to ensure that the objectives of this service are met The scope of the work will include:</p> <ul style="list-style-type: none"> • Compliance with statutory requirements; • Risk identification and evaluation; • Development of the business continuity plan; • Embedding of the business continuity plan; and • Testing of the business continuity plan; and • Monitoring and reporting arrangements. 	<p>2 - 3</p>	<p>Corporate Head of Community Safety</p>	<p>10</p>
<p>Total</p>				<p>50</p>