

**Report for:** Corporate Committee – 28 June 2016

**Item number:** 11

**Title:** Annual Internal Audit Plan and Strategy 2016/17

**Report authorised by :** Assistant Director of Corporate Governance

**Lead Officer:** Anne Woods, Head of Audit and Risk Management  
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**Ward(s) affected:** N/A

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

**1. Describe the issue under consideration**

- 1.1 The Corporate Committee is responsible for reviewing and approving the annual internal audit plan as part of its Terms of Reference.
- 1.2 In order to facilitate this, a draft internal audit plan for 2016/17, together with the internal audit strategy, is provided for review and approval by the Corporate Committee.

**2. Cabinet Member Introduction**

- 2.1 Not applicable.

**3. Recommendations**

- 3.1 That the Corporate Committee reviews and approves the Internal Audit strategy.
- 3.2 That the Corporate Committee reviews and approves the Annual Internal Audit Plan for 2016/17.

**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 Corporate 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 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.
- 6.2 Appendix A contains the proposed annual audit plan for 2016/17, 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 2015/16.
- 6.3 This approach reflects current best practice requirements for internal audit 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.
- 6.4 Appendix A also includes the audit strategy which will be used to deliver the Council's internal audit plan. The strategy has been drafted in accordance with the 2013 UK Public Sector Internal Audit Standards (PSIAS) which provide a consistent framework for internal audit services across the UK public sector.

## **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 key 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 2016/17 is part of the contract which was extended to 31 March 2018 in accordance with EU regulations. 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 Chief Finance Officer confirms that 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, Corporate Governance has been consulted in the preparation of this report, and advises that in view of the fact that the Annual Audit Plan has been compiled in accordance with legislative requirements and industry best practice standards, there are no direct legal implications arising out of the report.

8.3 Equality

There are no direct equality implications for the Council's existing policies, priorities and strategies as a result of this report. However, ensuring that the Council has effective internal audit and assurance arrangements in place will assist the Council to use its available resources more effectively.

**9. Use of Appendices**

Appendix A – Draft Annual Internal Audit Plan and Strategy 2016/17

**10. Local Government (Access to Information) Act 1985**

Not applicable