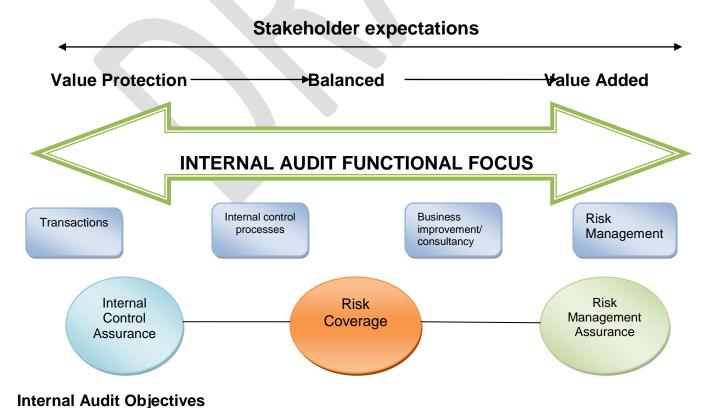## Internal Audit Strategy – Introduction

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:

Engagement and communication with stakeholders (expectations/requirements)

| Develop and/or refine internal audit's strategic vision and role | Identify and prioritise internal audit resources and plans | Design and implement appropriate KPIs | Develop the internal audit operating strategy |

Complete fieldwork, report to stakeholders, review results, adjust the annual/strategic plan

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:

Stakeholder expectations

Value Protection → **Balanced** — **Value Added**

INTERNAL AUDIT FUNCTIONAL FOCUS

| Transactions | Internal control processes | Business improvement/ consultancy | Risk Management |

Internal Control Assurance — Risk Coverage — Risk Management Assurance

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 2016/17

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;
- 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 2016/17

The 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 by the external contractor. The total number of days to be delivered excludes 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 aims to provide coverage across the value protection and value added requirements of the Council. The internal audit service has focused its 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 in part via internal audit's annual audit plan delivered via Homes for Haringey.

Audit area	Client	Quarter	Days
Corporate/Cross Cutting Risk Audits			
Recruitment and selection processes (temporary and permanent appointments)	Assistant Director – SSC	3	12
Shared service centre – arrangements for case management processes (to include IT system – vFire)	Assistant Director – SSC	2	20
Freedom of Information Act requests	Assistant Director – HR	4	10
Implementation of 'My Conversation' performance management process	Assistant Director – HR	3	12
Implementation of Welfare Reform and assistance processes (including DHP)	Chief Operating Officer	4	10
Security of data, governance arrangements, performance monitoring and management.	Chief Operating Officer	1-4	10
Priority Board Risk and Assurance support, including project assurance	Priority Owners	1-4	20
Sub-total – Corporate Risk Audits			**94**
Corporate Plan – Priority Risk Audits			
Priority 1 – Outstanding for all			
'Missing' children processes	Director of Children's Services	3	10
Early Help assessment processes	Director of Children's Services	3	10
Re-referrals, recording and reporting	Director of Children's Services	3	10
Services to Schools	Assistant Director, Schools & Learning	2	12
Sub-total Priority 1			**42**
Priority 2 – Outstanding for all			
Safeguarding (Deprivation of Liberty) processes	Director for Adult Social Services	2	10
Learning Disabilities, Physical Disabilities, Mental Health –			

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

Audit area	Client	Quarter	Days
assessments and transition processes from Children's Services to Adult Services	Director for Adult Social Services; Director of Children's Services	3	20
Supply Chain Resilience – business continuity in commissioning of adult social care services	Director for Adult Social Services; Assistant Director for Commissioning	2	10
Sub-total Priority 2			**40**
Priority 3 – Clean and Safe			
CCTV (mobile and static) use and operation	Assistant Director for Environmental Services and Community Safety	2	10
Transport Services	Assistant Director for Environmental Services and Community Safety	3	10
Parking Services – on street income and enforcement	Assistant Director for Environmental Services and Community Safety	2	10
Sub-total Priority 3			**30**
Priority 4 – Sustainable Housing Growth and Employment			
Haringey Development Vehicle – strategic partner and operating processes	Assistant Director for Regeneration	4	12
Carbon reduction – performance measurement and reporting	Assistant Director for Regeneration	3	10
Sub-total Priority 4			**22**
Sub-total – Priority-based Risk Audits			
Corporate IT Audits			
HCL/Sunguard incident management	Assistant Director – SSC; Head of IT	1	10
Cyber security/incident response (including supply chain resilience)	Assistant Director – SSC; Head of IT	2	10
Active Directory User Security	Assistant Director – SSC, Head of IT	4	12
'My Account', Customer Portal	Assistant Director – Customer Services, Head of IT	4	10
OHMS – application	Head of IT	3	12
Xpress – electoral registration application	Head of IT	3	10
CACI ChildView - application	Head of IT	3	10
Sub-total – Corporate IT Audits			**74**
Contract and Procurement Audit			
Key contract performance reviews:			
Residential Care – adult and children's services, monitoring, care quality.	Assistant Director for Commissioning	3	12
ICT contract delivery (tri-borough)	Chief Operating Officer	4	10
Facilities Management	Assistant Director for Environmental Services and	3	8

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

Audit area	Client	Quarter	Days
	Community Safety		
Highways Repairs Contract	Assistant Director for Environmental Services and Community Safety	2	12
Sexual Health and Substance Misuse Contracts	Director of Public Health	1-4	15
Use of waivers	Head of Procurement	2	10
Sub-total – Contract Audits			**67**
Key Financial Systems (KFS) and Corporate Finance			
Strategic Financial Management & Budgetary Control – full review	Assistant Director – Finance	3	10
Cash Receipting – full review	Assistant Director – Finance	3	12
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 – SSC	1-4	15
Pension Fund Investment – high level review (client/GLA)	Assistant Director – Finance	4	5
Accounts Receivable (Sundry Debtors) – high level review; including Ash IT application	Assistant Director – SSC	4	17
Housing Benefits – high level review	Assistant Director – SSC	3	10
Council Tax – high level review	Assistant Director – SSC	4	8
NNDR – full review, including discretionary business rates relief policy	Assistant Director – SSC	4	15
Payroll – Continuous audit, plus key controls review	Assistant Director – SSC	1-4	15
Teachers' Pensions contributions (Grant certification requirement)	Assistant Director – Finance	1	5
Sub-total – Key Financial Systems and Corporate Finance			**122**
School Audits Risk Based Programme			
Primary Schools			
Ferry Lane	School Head teacher	TBC	5
Lordship Lane	School Head teacher	TBC	5
North Harringay	School Head teacher	TBC	5
Our Lady of Muswell Hill	School Head teacher	TBC	5
Seven Sisters	School Head teacher	TBC	5
St Aidan's CE	School Head teacher	TBC	5
St John Vianney RC	School Head teacher	TBC	5
St Mary CE	School Head teacher	TBC	5
St Michael's CE (N6)	School Head teacher	TBC	5
Stamford Hill	School Head teacher	TBC	5

Audit area	Client	Quarter	Days
Stroud Green	School Head teacher	TBC	5
Tetherdown	School Head teacher	TBC	5
Tiverton	School Head teacher	TBC	5
West Green	School Head teacher	TBC	5
Weston Park	School Head teacher	TBC	5
Tuition Service	School Head teacher	TBC	5
Junior Schools			
Belmont Junior	School Head teacher	TBC	5
Infant Schools	School Head teacher	TBC	5
Rokesly Infants	School Head teacher	TBC	5
Nursery Schools			
Pembury	School Head teacher	TBC	5
Woodlands Park Nursery School and Children's Centre	School Head teacher	TBC	5
Secondary Schools			
Fortismere	School Head teacher	TBC	6
Highgate Wood	School Head teacher	TBC	6
Northumberland Park	School Head teacher	TBC	6
Special Schools			
Riverside	School Head teacher	TBC	5
The Vale	School Head teacher	TBC	5
The Brook on Broadwater	School Head teacher	TBC	5
Blanche Neville	School Head teacher	TBC	5
Tuition Service	School Head teacher	TBC	5
Follow up of 2015/16 school audits	School Head teachers	TBC	20
Sub-total – School Audits			**168**
Follow up audits 2015/16 audits			30
Admin and Management			50
Contingency			36
Total – Contractor delivered days			**775**