

Report for: Corporate Committee – 30 November 2017

Item number: 9

Title: Internal Audit Progress Report 2017/18 – Quarter 2

Report authorised by : Assistant Director of Corporate Governance

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Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** Information

1. Describe the issue under consideration

- 1.1 This report details the work undertaken by Internal Audit in the quarter ending 30 September 2017 and focuses on progress on internal audit coverage relative to the approved internal audit plan, including the number of audit reports issued and finalised – work undertaken by the external provider (Mazars).

2. Cabinet Member Introduction

- 2.1 Not applicable.

3. Recommendations

- 3.1 The Corporate Committee is recommended to note the audit coverage and follow up work completed.

4. Reasons for decision

- 4.1 The Corporate Committee is responsible for monitoring the completion of the annual internal audit plan and the implementation of agreed recommendations as part of its Terms of Reference.
- 4.2 In order to facilitate this, progress reports are provided on a quarterly basis for review and consideration by the Corporate Committee on the work undertaken by the Internal Audit Service in completing the annual audit plan. Where further action is required or recommended, this is highlighted with appropriate recommendations for the Corporate Committee.

5. Alternative options considered

- 5.1 Not applicable.

6. Background information

- 6.1 The information in this report has been compiled from information held within Audit & Risk Management and from records held by Mazars.

7. Contribution to strategic outcomes

- 7.1 The internal audit work makes a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all key Priority areas.

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 completed by Mazars is part of the framework contract which was awarded to the London Borough of Croydon and 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 budget. The maintenance of a strong internal audit function and a proactive and reaction fraud investigation team is a key element of the Council's system of Governance.

8.2 Legal

The Council's Assistant Director of Corporate Governance has been consulted in the preparation of this report, and had no comments.

8.3 Equality

The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- advance equality of opportunity between people who share those protected characteristics and people who do not;
- foster good relations between people who share those characteristics and people who do not.

As contracted providers of Haringey Council, the internal audit contractor is required to demonstrate a strong commitment to equality and fairness in their actions and work practices, and adherence to the Equality Act 2010. Ensuring that the Council has effective internal audit and assurance arrangements in place will also assist the Council to use its available resources more effectively.

9. Use of Appendices

Appendix A – Mazars Progress report – Internal audit

10. Local Government (Access to Information) Act 1985

Not applicable.

11. Performance Management Information

- 11.1 Although there are no national or Best Value Performance Indicators, local performance targets have been agreed for Audit and Risk Management. Table 1 below shows the targets for each key area monitored and gives a breakdown between the quarterly and cumulative performance.

Table 1 – Performance Indicators

Ref.	Performance Indicator	2 nd Quarter	Year to date	Target
1	Internal Audit work (Mazars) – Days Completed vs. Planned programme	75%	58%	95%
2	Priority 1 recommendations implemented at follow up	N/A	N/A	95%

12. Internal Audit work – Mazars

- 12.1 The activity of Mazars for the second quarter of 2017/18 is detailed at Appendix A. Mazars planned to deliver 195 days of the annual audit plan (780 days) during the quarter and delivered 147 days audit work during the quarter. Ongoing monthly contract monitoring reviews ensure that performance levels are kept under review and the annual target is still expected to be achieved. The follow up programme of work will commence during quarter 3 and will be reported to a future committee meeting.
- 12.2 Members of the Corporate Committee receive detailed summaries of all projects for which a final report has been issued on a monthly basis to allow for any concerns which members may have to be considered in a timely manner. Appendix A provides a list of all final reports which have been issued during the quarter. Detailed summaries of any reports with a limited or nil assurance are included in Appendix A for information.
- 12.3 **Significant issues arising in Quarter 2**
School audits. During the quarter, five school audits were completed and final reports issued. Two schools received 'limited' assurance ratings, and one school received a 'nil' assurance rating (the remaining schools received 'substantial' ratings). This is a situation which continues to highlight the poor performance within schools subject to audit; although additional support is being rolled out to schools, this is an area which continues to be high risk for the council.
Information Governance. The audit issued a 'limited' assurance rating; further work is being undertaken in this area in 2017/18 but with the implementation of the new statutory General Data Protection Regulations in May 2018, this is an area of high risk to the Council moving forward. Further work is being undertaken by services to address the gaps in compliance; internal audit is also due to complete other assurance work in this area during 2017/18.