

Report for: Corporate Committee – 30 January 2018

Item number: 10

Title: Internal Audit Progress Report 2017/18 – Quarter 3

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 31 December 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 | 3 rd Quarter | Year to date | Target |
|------|---|-------------------------|--------------|--------|
| 1 | Internal Audit work (Mazars) – Days Completed vs. Planned programme | 111% | 59% | 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 212 days of the annual audit plan (780 days) during the quarter and delivered 235 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 3

Direct Payments

This audit was issued with a limited assurance rating. Management have committed to implement the necessary actions by Spring, 2018 and a follow up audit will ensue in due course.

Follow Up Audits

Corporate Committee have requested follow up audits in relation to (i) Osborne Grove (ii) Appointeeships, (iii) Special Guardianships and (iv) the 'A' team. Mazars can now report:

(i) Osborne Grove

Of the 24 recommendations raised, twenty (83%) had been fully implemented, one (4%) were in the process of being implemented and were not due at the time of the audit. The remaining three recommendations have been superceded by the implementation of new improved processes and are no longer applicable.

(ii) Appointeeships

Of the 11 recommendations raised, four (33%) had been fully implemented, five (50%) were in the process of implementation and two were not due at the time of the audit follow up.

(iii) Special Guardianships

Of the 10 recommendations raised, two (20%) had been fully implemented, five (50%) were in the process of implementation and two were not due at the time of the audit follow up.

(iv) the 'A' team

Internal Audit have commenced follow up of the report on the A Team. Of the 20 recommendations raised eight (40%) have been implemented four (20%) have been partly implemented and one was not yet due for implementation. Seven recommendations remain unimplemented included 6 priority 2 recommendations and one Priority 3. The outstanding areas include development of a recruitment policy, improvements around ordering and payments, preparation of an inventory and proper recording of customer feedback. In regards to the Business Plan, the Recovery college manager has met with a member of The Bridge Renewal Trust who has provided advice and guidance on writing the plan, the manager is in the process of completing a first draft. We have been informed that the outstanding recommendations will be implemented by the end of March 2018.