



London Borough of Enfield

Report Title	2024-25 Internal Audit Charter and 2024-25 (Q1 and Q2) Internal Audit Plan
Report to	General Purposes Committee
Date of Meeting	27 March 2024
Cabinet Member	Cllr Tim Leaver, Cabinet Member for Finance and Procurement
Directors	Terry Osborne, Director of Law and Governance
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Wards affected	All
Classification	Part I Public

Purpose of Report

1. In line with the requirements of the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit, Fraud and Insurance has a responsibility to:
 - regularly review the Internal Audit Charter and to present this to the General Purposes Committee for review and approval
 - establish risk-based plans to determine the priorities of the Internal Audit activity and to present these to the General Purposes Committee for review and approval.

Recommendations

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| <ol style="list-style-type: none">I. Agree the 2024-25 Internal Audit CharterII. Agree the 2024-25 (Q1 and Q2) Internal Audit Plan |
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Appendices**Appendix A:** 2024-25 Draft Internal Audit Charter**Appendix B:** 2024-25 (Q1 and Q2) Draft Internal Audit Plan**Background Papers**

None

London Borough of Enfield Draft Internal Audit Charter March 2024

Purpose and mission

The purpose of London Borough of Enfield's Internal Audit team is to provide independent, objective assurance and consulting services designed to add value and improve the London Borough of Enfield's operations. The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. The Internal Audit team helps the London Borough of Enfield accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

Standards for the Professional Practice of Internal Auditing

The Internal Audit team will govern itself by adherence to the Public Sector Internal Audit Standards and to the mandatory elements of The Institute of Internal Auditors' (IIA) International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing. The Head of Internal Audit will report periodically to senior management and the General Purposes Committee regarding the Internal Audit team's conformance to the Code of Ethics and the Standards.

Authority

The Head of Internal Audit will report functionally to the General Purposes Committee and administratively (i.e., day-to-day operations) to the Director of Law and Governance. To establish, maintain, and assure that the London Borough of Enfield's Internal Audit team has sufficient authority to fulfil its duties, the General Purposes Committee will:

- Endorse the Internal Audit team's charter.
- Endorse the risk-based internal audit plan.
- Receive communications from the Head of Internal Audit on the internal audit team's performance relative to its plan and other matters.
- Make appropriate enquiries of management and the Head of Internal Audit to determine whether there is inappropriate scope or resource limitations.

The Head of Internal Audit will have unrestricted access to, and communicate and interact directly with, the General Purposes Committee, including in private meetings without management present where necessary.

The General Purposes Committee authorises the Internal Audit team to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary personnel of the London Borough of Enfield, as well as other specialised services from within or outside the London Borough of Enfield, in order to complete the engagement.

Independence and objectivity

The Head of Internal Audit will ensure that the Internal Audit team remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Head of Internal Audit determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for the London Borough of Enfield or its legal entities.
- Initiating or approving transactions external to the Internal Audit, Counter Fraud, and Insurance Service
- Directing the activities of any London Borough of Enfield employee not employed by the Internal Audit, Counter Fraud, and Insurance Service except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the Head of Internal Audit has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.

- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The Head of Internal Audit will confirm to the General Purposes Committee, at least annually, the organisational independence of the Internal Audit team.

The Head of Internal Audit will disclose to the General Purposes Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

Scope of internal audit activities

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the General Purposes Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the London Borough of Enfield. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of the London Borough of Enfield's strategic objectives are appropriately identified and managed.
- The actions of the London Borough of Enfield's officers, employees, and contractors are in compliance with the London Borough of Enfield's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programmes are consistent with established goals and objectives.
- Operations or programmes are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the London Borough of Enfield.
- Information and the means used to identify, measure, analyse, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The Head of Internal Audit will report periodically to senior management and the General Purposes Committee regarding:

- The Internal Audit team's purpose, authority, and responsibility.
- The Internal Audit team's plan and performance relative to its plan.
- The Internal Audit team's conformance with the Public Sector Internal Audit Standards and The IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by the General Purposes Committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to the London Borough of Enfield.

The Head of Internal Audit also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The Internal Audit team may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the Internal Audit team does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

Responsibility

The Head of Internal Audit has the responsibility to:

- Submit, at least annually, to senior management and the General Purposes Committee a risk-based internal audit plan for review and approval.
- Communicate to senior management and the General Purposes Committee the impact of resource limitations on the internal audit plan.
- Review and adjust the internal audit plan, as necessary and appropriate, in response to changes in the London Borough of Enfield's business, risks, operations, programmes, systems, and controls.
- Communicate to senior management and the General Purposes Committee any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow up on engagement findings and corrective actions, and report periodically to senior management and the General Purposes Committee any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the Internal Audit team collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Internal Audit Charter.
- Ensure trends and emerging issues that could impact the London Borough of Enfield are considered and communicated to senior management and the General Purposes Committee as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to policies and procedures designed to guide the Internal Audit team.
- Ensure adherence to the London Borough of Enfield's relevant policies and procedures unless such policies and procedures conflict with the Internal Audit Charter. Any such conflicts will be resolved or otherwise communicated to senior management and the General Purposes Committee.
- Ensure conformance of the Internal Audit team with the Standards, with the following qualification:

- If the Internal Audit team is prohibited by law or regulation from conformance with certain parts of the Standards, the Head of Internal Audit will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.

Quality assurance and improvement programme

The Internal Audit team will maintain a quality assurance and improvement programme that covers all aspects of the Internal Audit team's activity. The programme will include an evaluation of the Internal Audit team's conformance with the Standards. The programme will also assess the efficiency and effectiveness of the Internal Audit team's and identify opportunities for improvement.

The Head of Internal Audit will communicate to senior management and the General Purposes Committee on the Internal Audit team's quality assurance and improvement programme, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the London Borough of Enfield.

Signatures

Head of Internal Audit | Date

General Purposes Committee Chair | Date

Director of Law and Governance | Date

2024-25 (Q1 and Q2) Draft Internal Audit Plan

Introduction

The Public Sector Internal Audit Standards (PSIAS) require the chief audit executive (who in the London Borough of Enfield is the Head of Internal Audit) to determine the priorities of the internal audit activity from a risk-based plan which is consistent with the Council's goals.

Internal audit work is planned to support the goals of the Council from an objective assessment of the system of internal controls. The aim is to provide assurance to the General Purposes Committee, Director of Law and Governance, the Assurance Board, and other senior managers that an appropriate system of internal control is in place to mitigate key risks that may impact on the achievement of the Council's services and priorities.

Whilst it is management's responsibility to develop and maintain a sound system of internal control, and to prevent and detect fraud, bribery and corruption, the overall aim of internal audit work is to seek out areas requiring improvement and to recommend solutions that will enable the Council to better achieve its objectives. Therefore, the planning approach is based on achieving coverage over a reasonable period of time, of the Council's main risks and core processes where there is a reasonable expectation of detecting significant control weakness and fraud.

Our Approach to Developing the 2024-25 (Q1 and Q2) Internal Audit Plan

In line with the PSIAS, the 2024-25 Internal Audit Plan has been formulated using a risk-based approach. The Corporate Risk Register and other risk registers have been reviewed and Executive Directors, Directors and Departmental Management Teams have been consulted to ascertain key concerns.

As well as reviewing internal risk registers, the audit plan was developed taking into consideration discussion at groups such as London Audit Group, the Chartered Institute of Internal Auditors Local Authority Forum and various horizon scanning documents including:

- Risk in Focus 2024 - this annual report is based on surveys and roundtable discussions with chief audit executives across 16 European Institutes of Internal Auditors and identifies what this group sees as the key risks facing organisations
- Public Interest Reports and similar documents issued during the past 2 years highlighting areas for improvement in the sector
- Mazar's Horizon Scanning Challenges and Opportunities 2023

We also updated our Value Chain Analysis which maps out the Council's services. This allowed us to identify areas of the Council we have not audited recently. Part of this exercise involved reviewing the number of internal audits undertaken against each of the corporate risks during the previous 3 years.

We assessed audit requirements taking into consideration:

- The impact or likelihood of the risk identified

- The timing of and findings from previous audit work and other known sources of assurance, as an indication of management control, along with the occurrence or likelihood of change
- The extent of review by other review bodies and assurance providers.

Summary of the 2024-25 (Q1 and Q2) Draft Internal Audit Plan

In previous years an annual plan was presented to the Committee. However, this year, adopting an agile approach, we are presenting a plan that sets out our schedule of work for the first 6 months of the financial year only. The plan for the remainder of the year will be presented at a later meeting.

Moving away from an annual plan is viewed as a more progressive approach to internal auditing. It allows the Internal Audit team to adapt to changes in the Council's structure and risk more easily and to maintain a focus on objectives, strategies, threats, and opportunities throughout the year.

The key point, though, is that we have maintained a risk-based approach to internal audit planning. We also applied a priority rating to each topic so that the most important areas will be covered.

Due to organisational changes, the Internal Audit team will be unable to undertake the same number of assignments as in previous years. However, by using the methodology outlined above, the key risk areas will be covered. For Q1 and Q2 2024-25, we are proposing to undertake 13 audits with a focus on Corporate Risk 2 - Financial. The proposed audits are outlined in the table below.

The Internal Audit team is conscious of the significant pressure on resources that the Council faces. This plan has been developed with this in mind and, wherever possible, the Internal Audit team will provide support to management by looking to identify potential inefficiencies and making recommendations for fewer but smarter controls.

The principles underpinning the Council's internal audit approach are summarised in the Internal Audit Charter.

Draft 2024-25 (Q1 and Q2) Internal Audit Plan

Dept.	Audit Name	Audit Objective	Corporate Priority	Timing	Audit Priority (1-3)	No of Days
CR02 Financial						
People	Bus Service Operators Grant	To confirm that grant monies are spent in accordance with the grant terms and conditions	2	Q2	1	3
Schools	St. Anne's Catholic High School for Girls	To confirm that actions raised in 2021-22 internal audit have been fully implemented	3	Q1	1	10
Schools	Orchardside School Alternate Provision Taskforces Programme Grant 2023-24	To confirm to the Department of Education that grant funding received has been utilised only for the purposes stated in the terms of the grant	3	Q2	1	3
Cross Cutting	Budget Monitoring	Review budget monitoring processes across the Council to ensure these are in line with best practice	All	Q2	1	20
Cross Cutting	Temporary Accommodation Financial Management	A review of the temporary accommodation process and linkages to financial management and forecasting	4	Q2	1	20

Draft 2024-25 (Q1 and Q2) Internal Audit Plan

Dept.	Audit Name	Audit Objective	Corporate Priority	Timing	Audit Priority (1-3)	No of Days
CR03 Operations						
People	Community Equipment Stock Control	To ensure that appropriate stock control processes are in place	2	Q1	1	20
Chief Executive's	Leavers Process	To ensure the revised leavers' process is operating effectively	All	Q2	1	20
CR04 Governance						
Cross Cutting	Schools Additional Payments	To review the governance processes in place around additional payments to schools and to ensure these are operating effectively	3	Q1	1	20
Housing and Regeneration	Voids	To confirm that the governance arrangements and controls in place ensure void properties are identified, renovated, re-advertised, and offered for new tenancies on a timely basis	4	Q2	1	20
CR06 Property						
Housing and Regeneration	Council Housing Fire Safety	To provide assurance that effective governance and management are in place to ensure the Council is compliant with the regulations of the Fire Safety Act 2021	4	Q1	1	20

Draft 2024-25 (Q1 and Q2) Internal Audit Plan

Dept.	Audit Name	Audit Objective	Corporate Priority	Timing	Audit Priority (1-3)	No of Days
CR08 Commercial						
Environment and Communities	Parking Contract Management	To review the current contract management processes and ensure these are in line with best practice	2	Q2	1	20
CR013 Reputational						
People	Supporting Families Q1	To provide assurance for Department for Levelling Up, Housing and Communities purposes that claims are legitimate	2	Q1	1	3
People	Supporting Families Q2	To provide assurance for Department for Levelling Up, Housing and Communities purposes that claims are legitimate	2	Q2	1	3

Key to Corporate Priorities Abbreviations

No.	Corporate Priorities
1	Clean and green places
2	Strong, healthy, and safe communities
3	Thriving children and young people
4	More and better homes
5	An economy that works for everyone

Key to Audit Priority

Priority	Description
1	Audit must be carried out despite any changes to the Council's circumstances
2	If there are changes to the Council's circumstances, this audit may only be cancelled in consultation with the audit owner
3	If there are changes to the Council's circumstances, this audit may be cancelled by the Internal Audit team without reference to the audit owner