

AUDIT COMMITTEE

DATE: 22 NOVEMBER 2017

STRATEGIC AUDIT PLAN 2016/17; FINAL MONITORING STATEMENT
STRATEGIC AUDIT PLAN 2017/18; INTERIM MONITORING STATEMENT
Report of the Chief Internal Auditor

Purpose of report

The purpose of this report is to provide Audit Committee with the final monitoring statement of the Strategic Audit Plan for 2016/17; and an interim monitoring statement (up to 30 September 2017) for the Strategic Audit Plan 2017/18.

Recommendation

It is recommended that the Audit Committee considers and notes the information set out in the report.

Link to Corporate Plan

The work of Internal Audit contributes to the achievement of the Council's corporate objectives, as all aspects of the framework of governance, risk management and control are within the Internal Audit's remit.

Key issues

1. The Strategic Audit Plan for 2016/17 sets out in detail the planned Internal Audit coverage for a given year and helps to ensure that internal auditing can fulfil its prescribed definition of "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations"¹. A final monitoring statement, outlining progress against the Audit Plan for 2016/17, is attached as Appendix 1. It takes each audit review area and associated key objectives, as agreed by Audit Committee, and notes the progress achieved. Similarly, a half yearly monitoring statement (outlining coverage against the 2017/18 plan up to 30 September 2017) is included at Appendix B.
2. The planned productive days for the Internal Audit team for 2016/17 have been achieved. The planned productive days for the first half of 2017/18 have been exceeded due to utilising resource from the Shared Service partner. It is notable, however, that the level of additional work requests and special investigations that have been required is high and has led to the need to re-assess and review the overall Plan throughout the year.

Background

1. The Strategic Audit Plan for 2016/17, covering the period 1 April 2016 to 31 March 2017, was presented to and approved by the Audit Committee at its meeting on 23 March 2016. The Strategic Audit Plan for 2017/18 was presented to and approved by Audit Committee at its meeting on 29 March 2017. The Internal Audit team has a key role in helping the Council towards achievement of its objectives by exploring areas of potential efficiency and matters of probity and internal control. The Plan helps to ensure that internal auditing can fulfil its prescribed definition of "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations"².
2. The Plan is based upon an assessment of the Council's objectives, risks facing the organisation, strengths and weaknesses in the internal control system and consultation with senior management, elected members and external auditor. It seeks to ensure that Internal Audit resources are deployed in areas that will provide optimum benefit and value to the Council and is maintained under review to take into account changes in the governance arrangements and the control environment that occur during the year.
3. The Strategic Audit Plan set out the key objectives for the audit reviews identified to take place during 2016/17 and 2017/18. An interim monitoring statement was presented to the Audit Committee in November 2016, for the 2016/17 Plan. A final

¹ Public Sector Internal Audit Standards, CIPFA/IIA, 2017

² Public Sector Internal Audit Standards, CIPFA/IIA, 2017

outturn statement is being presented here to this Audit Committee, demonstrating performance against the Plan, for completeness. An Interim Monitoring Statement showing progress in respect of the 2017/18 Plan up to 30 September 2017 is also attached.

4. During the year 2016/17, the Internal Audit team has achieved the expected productive audit days which were planned, though some reprioritisation of resource was required in order to respond to emerging risks. Up to the 30 September 2017, the expected productive audit days have been exceeded (by using capacity within the audit team of the Shared Service partner), as the Internal Audit service responded to emerging risks.

Implications

Policy	Effective Internal Audit is an essential part of the County Council's Corporate Governance arrangements. The Internal Audit service supports the Chief Finance Officer in discharging the requirements of section 151 Local Government Act 1972, which requires that local authorities 'make arrangements for the proper administration of their financial affairs'. Internal Audit examines the Council's systems of internal control, and the economy, efficiency and effectiveness with which resources are deployed. The Strategic Audit Plan sets out the planned areas in which this coverage will be focussed, based on an assessment of risk.
Finance and value for money	The audit of the Council's activities reduces the potential for financial loss through fraud, waste, and inefficiencies.
Legal	The Accounts and Audit Regulations (England) Regulations 2015, require the Authority to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. The Public Sector Internal Audit Standards require that the Chief Audit Executive (Chief Internal Auditor) should provide an annual outturn of performance against planned work.
Procurement	None
Human Resources	A robust Strategic Audit Plan provides clarity for officers within the Internal Audit service on the key outcomes which each audit assignment is intended to deliver. It is supported by an operational resourcing plan, ensuring that work can be properly planned and allocated.
Property	None

Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	N/A
Risk Assessment	The audit plan is prepared using a risk-based approach, thus ensuring that coverage is focussed on those areas of Council activity with high levels of risk to the achievement of key objectives.
Crime & Disorder	Section 17 of the Crime and Disorder Act 1998 has been considered, and no implications have been identified. The Strategic Audit Plan includes planned coverage on counter fraud assurance work.
Customer Consideration	The Strategic Audit Plan 2016/17 has been based on a risk based audit needs assessment following consultation with customers of our Service including the Audit Committee, Chief Executive, Directors, Heads of Service, and the external auditor.
Carbon reduction	None
Wards	All

Consultation

Following preparation of this report consultation has taken place with the Audit Committee Chair.

Background papers:

The following background papers and research reports have been used in the compilation of this report and are available for inspection at the offices of the author:

- (a) Public Sector Internal Audit Standards, Chartered Institute of Public Finance & Accountancy / Institute of Internal Auditors, revised April 2017;
- (b) Local Government Application Note for the UK Public Sector Internal Audit Standards, Chartered Institute of Public Finance & Accountancy / Institute of Internal Auditors, April 2013;
- (c) Strategic Audit Plan 2016/17, March 2016; Strategic Audit Plan 2017/18, March 2017; and
- (d) The Accounts and Audit (England) Regulations 2015, April 2015.

Report sign off.

Finance Officer	N/A
Monitoring Officer/Legal	N/A
Human Resources	N/A
Procurement	N/A
I.T.	N/A
Portfolio Holder (s)	N/A

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