

## AUDIT COMMITTEE

DATE: 22 NOVEMBER 2017

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### KEY OUTCOMES FROM INTERNAL AUDIT ASSIGNMENTS (OCTOBER 2016 – JUNE 2017)

#### Report of the Chief Internal Auditor

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#### **Purpose of report**

This report summarises the outcomes from Internal Audit reports which have been finalised in consultation with management and issued during the period October 2016 – June 2017. Information has been provided on the level of assurance for each audit, the number of recommendations made (classified according to priority), areas of good practice identified, and main findings.

#### **Recommendation**

It is recommended that the Audit Committee note the contents of the report, as part of its ongoing consideration of governance and control issues within the Council.

#### **Link to Corporate Plan**

The work of Internal Audit contributes to the achievement of the Council's Corporate Plan 2013-2017. In particular our work will support the Council in its *“aim to grow a unified Council where all staff and elected members understand their role and are collectively motivated to deliver excellent services as effectively and efficiently as possible within our limited resources”*.

#### **Key issues**

A Key Outcomes statement, outlining assurance opinions given for reports issued during the period October 2016 – June 2017 is attached as Appendix 1.

## **Background**

To provide optimum benefit to the organisation, Internal Audit works in partnership with management to improve the control environment and assist the organisation in achieving its objectives. The organisation is responsible for establishing and maintaining governance and control systems. Internal Audit plays a vital part in advising management whether these arrangements are in place and operating properly.

Internal Audit normally provides half yearly reports to the Audit Committee summarising key outcomes of work in that preceding six-month period. As Audit Committee was not held in May 2017, this report covers a slightly longer period (October 2016 – June 2017). From July 2017 onwards, Internal Audit has been engaged on a discrete assignment on a specific governance matter. Internal Audit work on this matter is nearing completion and updates will be provided to Audit Committee separately in due course.

Providing regular summaries of Internal Audit work is intended to enable the Audit Committee to develop an on-going awareness of the soundness of the control environment, in addition to receiving the Chief Internal Auditor's annual report and opinion on the framework of governance each year. It also allows the Chief Internal Auditor to give an indicative opinion, at regular points in the year, on the adequacy of the organisation's control environment based on published reports and emerging issues at this stage.

## **Implications**

<b>Policy</b>	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.
<b>Finance and value for money</b>	The audit of the Council's activities promotes good financial governance and the importance of value for money. Effective control in these areas reduces the potential for financial loss through fraud, waste and inefficiency.
<b>Legal</b>	The Accounts and Audit (England) Regulations 2015 require the Council 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. The Public Sector Internal Audit Standards require that the Chief Audit Executive (Chief Internal Auditor) should make arrangements for interim reporting to the organisation in the course of the year.
<b>Procurement</b>	None

<b>Human Resources</b>	None
<b>Property</b>	None
<b>Equalities</b>  (Impact Assessment attached)  Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>	
<b>Risk Assessment</b>	Internal Audit assists management in identifying areas of risk within the Council's control environment, and in evaluating the effectiveness of controls established by management to manage these risks.
<b>Crime &amp; Disorder</b>	Section 17 of the Crime and Disorder Act 1998 has been considered, and no implications have been identified.
<b>Customer Consideration</b>	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, Cabinet, Chief Executive, Directors, Heads of Service, and the external auditor.
<b>Carbon reduction</b>	None
<b>Wards</b>	All

### **Consultation**

Individual audit assignments are discussed with relevant senior management as each assignment is concluded.

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.

- Public Sector Internal Audit Standards, Chartered Institute of Public Finance & Accountancy / Institute of Internal Auditors, revised April 2017;
- Local Government Application Note for the UK Public Sector Internal Audit Standards, Chartered Institute of Public Finance & Accountancy / Institute of Internal Auditors, April 2013;
- The Accounts and Audit (England) Regulations 2015, April 2015;
- Northumberland County Council Finance and Contract Rules, December 2011; and
- Strategic Audit Plan 2016/17, March 2016 & Strategic Audit Plan 2017/18, March 2017.

## **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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