



# Northumberland

## County Council

### AUDIT COMMITTEE

DATE: 28 NOVEMBER 2018

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## STRATEGIC AUDIT PLAN 2018/19, INTERIM MONITORING STATEMENT

Report of Allison Mitchell – Chief Internal Auditor

Cabinet Member: Councillor Nick Oliver – Portfolio Holder for Corporate Services

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### **Purpose of report**

The purpose of this report is to provide Audit Committee with an interim (half yearly) monitoring statement in respect of the Strategic Audit Plan for 2018/19 (this document is attached as **Appendix 1**).

### **Recommendations**

It is recommended that the Audit Committee considers and notes the progress set out in the Strategic Audit Plan Interim Monitoring Statement, attached as **Appendix 1**, and the levels of planned coverage achieved by Internal Audit at this stage in the year.

### **Link to Corporate Plan**

The work of Internal Audit and the Audit Committee contributes to the achievement of all priorities in the Council's Corporate Plan 2018-2021.

### **Key issues**

The Strategic Audit Plan for 2018/19 was agreed by Audit Committee in March 2018 and sets out in detail the planned Internal Audit coverage, and associated key objectives, for the year. An interim monitoring statement, outlining progress against the Audit Plan, is attached as **Appendix 1**.

As at 30 September 2018, the planned productive days for the Internal Audit team for 2018/19 have been exceeded. Ongoing and emerging risks have as usual been kept under continuous review and where required, assurance resource has been deployed on additional work areas as necessary.

## **Background**

The Strategic Audit Plan for 2018/19, was presented to and approved by the Audit Committee at its meeting on 28 March 2018. The Strategic Audit Plan helps to ensure that Internal Audit is able to meet its aims as an independent appraisal function for the Authority, and sets out Internal Audit's objectives (based on an assessment of risks and opportunities for the organisation).

An Interim Monitoring Statement, outlining progress against the Audit Plan at the mid-year point of 2018/19, is attached as **Appendix 1**. During 2018/19 50 assignments are programmed. At the mid-year point, 27 are either complete or in progress. 14 assignments (28%) have been concluded and issued, with a further 13 (26%) ongoing or underway. Work has also been undertaken to finalise 11 assignments from 2017/18. Internal Audit has undertaken special investigations / management requests where required, in addition to supporting working groups in a programme assurance capacity. Full details will be included in the 2018/19 Annual Opinion on the Framework of Governance, Risk Management and Control.

In addition, the shared Internal Audit and Risk Management service has provided internal audit services to NIFCA (Northumberland Inshore Fisheries and Conservation Authority) and to Arch.

The Strategic Audit Plan for 2018/19 will continue to be kept under review, and progress reported to the Audit Committee in March 2019 along with the Strategic Audit Plan for 2019/20. A full outturn on the 2018/19 Annual Audit Plan will be reported to the Audit Committee in May 2019.

The Internal Audit Service needs to be responsive to emerging issues and the requirements of the organisation. Additional work requests are assessed and prioritised against the agreed risk-based Plan. During 2018/19, in accordance with professional auditing guidelines, the Chief Internal Auditor has re-assessed and reviewed planned audit coverage in order to respond to emerging risks as these have arisen to ensure that audit resources are directed to areas of maximum assurance benefit to the Council.

## **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 reduces the potential for financial loss through fraud, waste, and inefficiencies.

<b>Legal</b>	The Accounts and Audit 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 and related Local Government Application Note require that the Chief Internal Auditor should report periodically to senior management and the board on Internal Audit matters, including “performance relating to its plan”.
<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 type="checkbox"/>	N/A
<b>Risk Assessment</b>	The Strategic Audit Plan, and its ongoing review, 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.
<b>Crime &amp; Disorder</b>	There are no specific crime and disorder issues arising from this report. The work of Internal Audit is a key strand in the Authority’s counter-fraud arrangements, as set out in the Strategic Audit Plan.
<b>Customer Consideration</b>	The Strategic Audit Plan 2018/19 was prepared following consultation with customers of our Service, including the Audit Committee, Chief Executive, Directors, Heads of Service, and the external auditor.
<b>Carbon reduction</b>	None
<b>Wards</b>	All

**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 2018/19, March 2018;
- (d) NCC Constitution, November 2017;
- (e) NCC Finance and Contract Rules, December 2011;and
- (f) The Accounts and Audit Regulations 2015, April 2015.

**Report sign off.**

	initials
Monitoring Officer/Legal	N/A
Executive Director of Finance & S151 Officer	N/A
Relevant Executive Director	N/A
Chief Executive	N/A
Portfolio Holder(s)	N/A

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