

Advice & Programme Assurance

| Heading | Auditable Area | Description / Audit Objectives | Progress Update |
|-----------------------------------|--|---|---|
| Advice, Contingencies & Assurance | <ul style="list-style-type: none"> Advice & Guidance Contingencies & Work Requests Fraud & Special Investigations | Responding to ad-hoc queries and requests for advice; responding to requests for one-off audit assignments, where it is considered that audit involvement is necessary; project assurance and assuring appropriate consideration has been given to internal control & governance issues when new systems are introduced. | <p>Ongoing throughout the year – on target.</p> <p>Work has continued in reviewing those emerging governance matters within the County Council and Arch, as previously reported to Audit Committee.</p> <p>Additional ad-hoc work has included:</p> <ul style="list-style-type: none"> review of a specific Safecall referral; review of specific matters relating to operation of the Members' Local Improvement Scheme / Community Chest; review of aspects of the Finance and Contract Rules; review of a specific matter relating to the General Data Protection Regulation. |
| Programme Assurance | New Systems / Methods of Service Delivery | Internal Audit will add value by providing assurance on aspects of the approach and work undertaken, and assessing the robustness of arrangements for benefits realisation. The systems, programmes and new initiatives to be supported will include providing assurance to the Corporate Leadership Team on the change programme; for example the Digital Northumberland Strategy. | <p>Ongoing throughout the year – on target.</p> <p>Ongoing commitments include supporting Digital Northumberland Programme Board, Oracle Cloud Project, Information Governance Working Group, and Troubled Families Partnership Meetings.</p> |

Audit and Assurance – Corporate and Cross Cutting

| Heading | Auditable Area | Description / Audit Objectives | Progress Update |
|-----------------------------|---------------------------------------|--|---|
| Corporate and Cross Cutting | Follow up on Recommendations | Monitoring the implementation of Internal Audit recommendations in consultation with the service areas which have received these recommendations. During the year, Internal Audit will review the process benefitting from shared learning within the Internal Audit and Risk Management Service and against best practice to ensure recommendations are followed up and reported upon to Audit Committee in a timely, efficient and effective manner. | Ongoing throughout the year – on target . |
| | Pre Submission Review of Grant Claims | There are a number of funding organisations that require an Internal Audit review prior to final claim submission. Internal Audit will undertake the necessary assurance checks as these grant submissions become due. | <p>Ongoing throughout the year – on target.</p> <p>Requests for certification work are received from services throughout the year. The following grant certification work has been completed to date and in each case the grant return was found to be compliant with the grant provider’s audit requirements:</p> <ul style="list-style-type: none"> • Local Transport Plan and associated grants – £31.1m; • Bus Service Operators Grant - £0.5m; • Local Growth Fund Cowpen Road (April 2017 to September 2018) - £0.6m; • Local Growth Fund Morpeth Cycle Scheme (April 2016 to September 2018) - £0.6m; • Disabled Facilities Grant - £0.2m; and • Troubled Families – £0.2m <p>In addition the Council’s Carbon Reduction Commitment (CRC) return which calculates the value of CRC credits the Council is required to purchase has been certified with a value of £0.3m.</p> |

Audit and Assurance – Corporate and Cross Cutting (continued)

| Heading | Auditable Area | Description / Audit Objectives | Progress Update |
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| Corporate and Cross Cutting | Annual Opinion | An annual opinion on the ‘adequacy and effectiveness of the framework of governance, risk management and control’ will be drafted and presented to the Chief Executive, Corporate Leadership Team and Audit Committee, outlining the audit work performed during the year and summarising key themes. This will be timed to support production of the Council’s Annual Governance Statement. | Annual Opinion for 2017/18 complete . Work in respect of 2018/19 Annual Opinion due to commence during Quarter 4. |
| | Governance and Value for Money Reviews | <p>To review whether appropriate internal controls exist within a sample of significant business arrangements within Northumberland County Council. Where it is possible to assess the economy, efficiency and effectiveness of specific aspects of these arrangements, this will also be undertaken. Areas to be reviewed under this heading in 2018/19 include:</p> <ul style="list-style-type: none"> • Risk Management arrangements; • Ethical Governance (including controls regarding declarations of interest, and acceptance of offers of gifts and hospitality by both officers and elected members); • Section 106 / Section 278 Arrangements; • Planning Service healthcheck; • Corporate Health and Safety (including Lone Working arrangements); • Business Continuity Management; • Treasury Management arrangements; • Direct Payments; • Review of Efficiency of Recruitment Process; • Use of Waivers in procurement; • Contract Management; and • Travel and Subsistence arrangements. | <p>2017/18 Work Completed: Children’s Services Single Inspection Framework Improvement Plan (Significant Assurance – 3 medium and 4 low priority recommendations.)</p> <p>Review of Business Continuity Management complete (Limited Assurance - 6 medium and 12 low priority recommendations)</p> <p>Reviews of Ethical Governance and Corporate Health and Safety underway.</p> <p>Planned reviews yet to commence and scheduled for the second half of the year:</p> <ul style="list-style-type: none"> • Risk Management arrangements • Section 106 / Section 278 Arrangements • Planning Service healthcheck • Treasury Management arrangements • Direct Payments • Review of Efficiency of Recruitment Process • Use of Waivers in procurement • Contract Management • Travel and Subsistence arrangements. |

Audit and Assurance – Corporate and Cross Cutting (continued)

| Heading | Auditable Area | Description / Audit Objectives | Progress Update |
|-----------------------------|---|--|---|
| Corporate and Cross Cutting | Alternative Service Delivery arrangements | <p>Arch Group of Companies: To provide the County Council with an opinion on the soundness of arrangements in place to administer the Arch group of companies. <i>(N.B. Internal Audit will separately be providing the Arch group of companies with an Opinion on the Framework of Governance, Risk Management and Control within that entity; this work will be used to frame a separate opinion on whether Northumberland County Council’s interests are suitable safeguarded via the arrangements in place).</i></p> <p>Active Northumberland: To review arrangements between Northumberland County Council and Active Northumberland, specifically whether the County Council’s expectations under the management agreement are being met under the arrangement. <i>(N.B. Internal Audit is not the Internal Audit provider for Active Northumberland as a separate client. Internal Audit’s focus here will therefore be on whether the County Council’s interests are sufficiently safeguarded under the arrangement).</i></p> <p>Shared Service Arrangements: To provide an opinion on governance arrangements established for the administration of shared services. At the time of planning, it is envisaged that Registrars’ arrangements will be examined as part of the plan, however we are aware that additional shared services may be under consideration and that this aspect of the Audit Plan may flex accordingly.</p> | <p>Scheduled for the second half of the year.</p> <p>Scheduled for the second half of the year.</p> <p>Scheduled for the second half of the year.</p> |

Audit and Assurance – Service Area Specific (Corporate Resources)

| Heading | Auditable Area | Description / Audit Objectives | Progress Update |
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| Information Services | Systems Reviews | <p>To determine whether the systems and procedures in operation are functioning satisfactorily and are in accordance with legislation and Council policy. In particular, to determine whether:</p> <ul style="list-style-type: none"> • The system complies with good practice and all legal, statutory and regulatory body requirements, and meets business need; • All transactions are completely and accurately recorded and traceable; • Access to information and facilities is controlled and restricted to authorised users according to their needs; • The potential for fraud and error are minimised; • The system is effectively administered and supported; • All staff using the system have been correctly trained to the level that will allow them to properly fulfil their duties; • The system is continually available during working hours; • The system provides complete and accurate management information; and • Upgrades to the system are properly resourced and managed to meet clearly stated and agreed business objectives. <p>For 2018/19, specific ICT audit coverage will be prioritised in the following areas:</p> <ul style="list-style-type: none"> • Internet; • Telephony (mobile and landline); • Implementation of Oracle Cloud solution (linked to Creditor Payments below); • BACS system review; • Payment Card Industry Data Security Standards (PCIDSS) Compliance; • Virtual Desktop Infrastructure platforms; • Google Apps; and • Implementation of General Data Protection Regulation. | <p>Work Completed:</p> <ul style="list-style-type: none"> • Internet (Significant Assurance – 3 medium and 6 low priority recommendations); • Payment Card Industry Data Security Standards (Limited Assurance – 5 medium and 10 low priority recommendations); • Preparation for GDPR (Limited Assurance – 15 medium and 6 low priority recommendations); and • Public Services Network (PSN) Code of Connection Compliance (Briefing Note issued). <p>Underway:</p> <ul style="list-style-type: none"> • BACS system review; • Virtual Desktop Infrastructure platforms; • Google Apps. <p>Planned review yet to commence and scheduled for the second half of the year:</p> <ul style="list-style-type: none"> • Implementation of Oracle Cloud Solution. |

Audit and Assurance – Service Area Specific (Wellbeing and Community Health Services)

| Heading | Auditable Area | Description / Audit Objectives | Progress Update |
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| Education and Skills | Schools' Financial Value Standard (SFVS) | To co-ordinate schools in the completion of their mandatory returns, and provide assurance to the Section 151 Officer relating to his annual report to the Department for Education. | Annual Report prepared for DfE deadline of 31 May 2018 – Complete . Work in respect of 31 May 2019 DfE deadline due to commence during Quarter 3. |
| | School 'Health Checks' | Continuing a discretionary service introduced in 2011/12, schools may opt to purchase independent assurance to assist in preparation of their SFVS return and/or develop action plans for improvement. | Health Checks currently planned in respect of 2 schools which have opted to purchase this discretionary service. |
| | Schools & Other Educational Establishments | To assess, on a thematic basis, the application of controls associated with the discharge of responsibilities relating to delegated school budgets, within a sample of the County's schools on a risk assessed basis. | Scheduled for the second half of the year. |
| | Schools & Other Educational Establishments | To provide advice and support on issues of probity and internal control, on school and other educational establishment financial governance related issues, as requested by the Director of Education and Skills. This may include, for example: <ul style="list-style-type: none"> • Support in verifying aspects of financial arrangements in the case of any planned school closures or transfer to academy status; • Support in verifying aspects of financial arrangements in the case of any planned transfer of elements of service provision; or • Support to schools within the Schools Intervention and Support Programme. | Prior to schools closing in July 2018, two school closure audits were undertaken and a desktop exercise undertaken in relation to a third closing school – Complete . |

Counter Fraud and Internal Control and Probity

| Heading | Auditable Area | Description / Audit Objectives | Progress Update |
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| Counter Fraud | Pro-active anti-fraud work | To undertake pro-active anti-fraud and corruption work (including participation in the Cabinet Office’s National Fraud Initiative and performing internal data matching exercises); and to raise the awareness of counter fraud and corruption measures across the organisation. | Ongoing throughout the year – on target . Data has been extracted from the relevant systems and submitted to the Cabinet Office. Investigation work will be undertaken from January 2019 when the Authority is informed of potential matches. |
| Internal Control and Probity | Core Financial Systems; Business Rates; Council Tax; Payroll; Creditor Payments; Cash and Bank; Debt and Income Management; and Rent Assessment and Collection Housing and Council Tax Benefit | The core financial systems encompass the main ways in which the Authority either pays money out (Creditor Payments, Payroll, Housing & Council Tax Benefit) or receives monies in (Business Rates, Council Tax, Debt and Income Management, Rent Assessment and Collection). Each of these areas will be given some audit coverage in each financial year, but on a cyclical basis a more detailed review will be undertaken on one income system and one expenditure system each year. For 2018/19, those systems prioritized for an-depth review are: <ul style="list-style-type: none"> • Creditor Payments (including Accounts Payable, Purchase Card transactions, other payments means e.g. CHAPS, and Petty Cash) • Debt and Income Management (including whether agreed pricing schedules are in existence, whether pre-payment methods of income collection are optimized, whether debts are invoiced promptly, write-off and recovery procedures are appropriate and sufficient to deter debts from becoming ‘bad’). | Scheduled for the second half of the year. Work has been undertaken to complete the following 2017/18 audits: <ul style="list-style-type: none"> • Council Tax (Significant Assurance – 4 low priority recommendations); • Payroll (Significant Assurance – 4 low priority recommendations); and • Creditors (Significant Assurance – 3 medium and 3 low priority recommendations). |