



Northumberland
County Council

**Shared Internal Audit and Risk
Management Service**

**Strategic Audit Plan 2018/19:
Final Monitoring Statement**

May 2019

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>Complete - During 2018/19 work continued in reviewing emerging governance matters with 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 the operation of the Members' Local Improvement Scheme and Community Chest schemes; • review of aspects of the Finance and Contract Rules; • review of a specific matter relating to the General Data Protection regulation; • support to the council in ensuring the ongoing provision of an important council owned community facility operated the voluntary sector.
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.	Complete – activity continues into 2019/20. Ongoing commitments include supporting Digital Northumberland Programme Board, Oracle Cloud Project, Information Governance Working Group, and Troubled Families Partnership Meetings.

Audit and Assurance – Corporate and Cross Cutting (continued)

Heading	Auditable Area	Description / Audit Objectives	Progress Update
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.	Complete – 2017/18 Annual Opinion Report to Audit Committee in May 2018.
	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"> • Business Continuity Management; • • 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; • Travel and Subsistence arrangements. • Corporate Health and Safety (including Lone Working arrangements); • Risk Management arrangements; • Treasury Management Arrangements; • Direct Payments; • Review of Efficiency of Recruitment Process; • Use of Waivers in procurement; • Planning Service healthcheck; and • Contract Management. 	<p>Prior Year Work Completed: Children’s Services Single Inspection Framework Improvement Plan (Significant Assurance – 3 medium and 4 low priority recommendations)</p> <p>Stores Partnership – Post Contract Implementation (Significant Assurance – 8 medium and 3 low priority recommendations) Complete (Limited Assurance – 6 medium and 12 low priority recommendations)</p> <p>Underway</p> <p>Underway Underway Deferred to 2019/20</p> <p>Deferred to 2019/20 Deferred to 2019/20 Deferred to 2019/20 Audit coverage in these areas will be included within other work to be included within the Internal Audit Plan.</p>

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>Internal Audit's work on alternative service delivery arrangements focussed necessarily on the Arch Group of Companies in 2018/19, as investigation of emerging governance matters was concluded.</p> <p>A report was presented to Audit Committee on 22 March 2019.</p> <p>A new audit has been included within the 2019/20 Internal Audit Plan to consider other alternative service delivery arrangements and this will be reported on in due course.</p>

Audit and Assurance – Service Area Specific (Corporate Resources)

Heading	Auditable Area	Description / Audit Objectives	Progress Update
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 	<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); • Public Services Network (PSN) Code of Connection Compliance (Briefing Note issued); • BACS Payment Schemes Limited (BACS) System Review (Limited Assurance – 5 medium and 13 low priority recommendations); • ICT Disaster Recovery & Business Continuity Planning (Limited Assurance - 5 medium and 17 low priority recommendations) <p>Underway:</p> <ul style="list-style-type: none"> • Virtual Desktop Infrastructure platforms; • Google Apps; <p>Deferred to 2019/20:</p> <ul style="list-style-type: none"> • Implementation of Oracle Cloud Solution;

		<p>(PCIDSS) Compliance;</p> <ul style="list-style-type: none"> • Virtual Desktop Infrastructure platforms; • Google Apps; and • Implementation of General Data Protection Regulation. 	
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Audit and Assurance – Service Area Specific (Wellbeing and Community Health Services)

Heading	Auditable Area	Description / Audit Objectives	Progress Update
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.	Complete – All eligible schools submitted their assessments by the statutory deadline of 31 March 2019.
	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.	During 2018/19 Internal Audit has not offered this service due to a range of other work requirements.
	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.	A thematic review of school local accounts is underway .
	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. 	Complete - 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.

Counter Fraud and Internal Control and Probity

Heading	Auditable Area	Description / Audit Objectives	Progress Update
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.	Complete – Data has been extracted from the relevant Council systems and submitted to NFI Team at the Cabinet Office. Any matches will be followed up by the relevant services as necessary.
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	<p>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.</p> <p>For 2018/19, those systems prioritized for an-depth review are:</p> <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’). 	<p>The following 2017/18 work was completed in the first half of the year:</p> <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). <p>2018/19 work is at the following stages of completion:</p> <ul style="list-style-type: none"> • Rent Assessment and Collection – Complete (Significant Assurance – 1 low priority recommendation) • Business Rates – underway • Council Tax – underway • Debt and Income Management – underway • Payroll – being undertaken during quarter 1 2019/20 • Creditors – underway • Benefits – being undertaken during quarter 1 2019/20 • Cash and Bank – being undertaken during quarter 1 2019/20