



# Northumberland

## County Council

### AUDIT COMMITTEE

DATE: 22 MAY 2019

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## KEY OUTCOMES FROM INTERNAL AUDIT REPORTS (Issued November 2018 – April 2019)

### Report of the Chief Internal Auditor

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#### **Purpose of report**

The purpose of this report is to advise Audit Committee of key outcomes from Internal Audit reports issued between November 2018 and April 2019 (**Appendix 1**).

#### **Recommendations**

It is recommended that the Audit Committee:

- (a) considers the key findings from, good practice identified in, and management action taken in response to the Internal Audit reports issued, attached as **Appendix 1**; and
- (b) notes the Chief Internal Auditor's opinion that the framework of governance, risk management and control is satisfactory overall 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**

A Key Outcomes statement, summarising the outcomes from Internal Audit reports issued during the period November 2018 – April 2019 is attached as **Appendix 1**. 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.

#### **Background**

It is important that the Audit Committee receives regular updates on the key outcomes arising from Internal Audit's planned work. This is also emphasised in the Public Sector Internal Audit Standards (PSIAS), which state that "in addition to the annual report [*reported to the Audit Committee each May*], the Chief Internal Auditor should make arrangements for interim reporting to the organisation in the course of the year. Such interim reports should address emerging issues in respect of the whole range of areas to be covered in the annual report".

The Terms of Reference for the Audit Committee state that it will consider the effectiveness of the Authority's control environment; and the Chief Internal Auditor's report and opinion in this regard. Reporting of key findings from Internal Audit reports issued at regular intervals allows the Audit Committee to be made aware of the Authority's governance arrangements on a timely basis during the year. It also enables the Audit Committee to develop an on-going awareness of the soundness of the framework of governance, risk management and control, to support the Chief Internal Auditor's annual report on this matter.

A summary of key outcomes from planned Internal Audit reports issued between November 2018 and April 2019, including areas of good practice identified and action taken to date by management in response to each audit, is attached as **Appendix 1**. Based on the outcomes from audits issued to date, and management action undertaken in response to these, the Authority's framework of governance, risk management and control is considered to be satisfactory overall at this stage in the year (which is a positive outcome for our organisation).

Internal Audit has also supported a significant number of special investigations and management requests in this time period. Key themes arising from this work will be included in Internal Audit's annual report.

### **Implications**

<b>Policy</b>	Effective Internal Audit is an essential part of the County Council's Corporate Governance arrangements. 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 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 or guidance. The guidance accompanying the legislation states that 'proper practices in relation to internal control' are those contained within the Public Sector Internal Audit Standards. The Public Sector Internal Audit Standards require that the 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"/>	N/A
<b>Risk Assessment</b>	<p>Risks have been considered and there are no risks identified directly arising from this report.</p> <p>The Strategic 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.</p>
<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>	All Internal Audit reviews were shared with and reported to the relevant audit client upon conclusion of each audit assignment, with actions agreed by management. Management comments on the summary of key outcomes from Internal Audit reports have been included in the report.
<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.

- Public Sector Internal Audit Standards, Chartered Institute of Public Finance & Accountancy / Institute of Internal Auditors, revised 2017;
- Local Government Application Note for the UK Public Sector Internal Audit Standards, Chartered Institute of Public Finance & Accountancy / Institute of Internal Auditors, revised 2019;
- The Accounts and Audit Regulations 2015;
- Northumberland County Council Finance and Contract Rules, 2011; and
- Strategic Audit Plan 2018/19.

## **Report sign off.**

***Authors must ensure that officers and members have agreed the content of the report:***

	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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