



Northumberland

County Council

AUDIT COMMITTEE

DATE: 27 NOVEMBER 2019

STRATEGIC AUDIT PLAN 2019/20, INTERIM MONITORING STATEMENT

Report of Chief Internal Auditor

Purpose of report

The purpose of this report is to provide the Audit Committee with an interim (half yearly) monitoring statement in respect of the Strategic Audit Plan for 2019/20.

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 2019/20 was agreed by the Audit Committee in March 2019 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**.

Approximately 80% of the planned productive days at the mid-point of the year has been achieved. The main reason for the shortfall in planned productive days is a long-term sickness absence.

Background

The Strategic Audit Plan for 2019/20 was presented to, and approved by, the Audit Committee at its meeting on 27 March 2019. 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 2019/20, is attached as **Appendix 1**. During 2019/20, 39 assignments were programmed. At the mid-year point, 24 of these assignments (62%) are either completed or in progress. 9 assignments (23%) have been concluded and issued with a further 15 (38%) underway. Work has also been undertaken to finalise 4 assignments from the previous financial year. In addition, 5 assignments have been undertaken following request by management and where this was considered by the Chief Internal Auditor to be appropriate to Internal Audit's work regarding the framework of governance, risk management and control. This is a normal part of the planning and delivery process, whereby emerging risks and opportunities are regularly reviewed and their impact on planned audit coverage assessed. The review and prioritisation of planned work by the Internal Audit team is in accordance with professional guidance.

We have also supported a number of working groups in a programme assurance capacity. This is a sensible use of Internal Audit resource as Internal Audit can offer advice and guidance as new systems and processes are being introduced and making sure that risks are managed early in the introduction of any new process.

In terms of planned resourcing, at the mid-year point productive audit days achieved are approximately 80% of those planned. A long-term sickness absence has reduced the resources available and upon which the Plan was based and this is being managed in accordance with the County Council's agreed processes. It will be important to monitor resourcing closely during the remainder of the year to ensure sufficient audit coverage is delivered. The shared service delivery model is one way in which short-term resourcing pressures can be addressed.

A full outturn on the 2019/20 Annual Audit Plan will be reported to the Audit Committee in May 2020.

Implications

Policy	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 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.
Finance and value for money	The audit of the Council's activities reduces the potential for financial loss through fraud, waste, and inefficiencies.
Legal	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 Audit Executive (Chief Internal Auditor) should report periodically to senior management and the board on Internal Audit matters, including "performance relating to its

	plan”.
Procurement	None
Human Resources	A robust Strategic Audit Plan provides clarity for officers within the Internal Audit service on the key outcomes which each audit assignment is intended to deliver. It is supported by an operational resourcing plan, ensuring that work can be properly planned and allocated.
Property	None
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	N/A
Risk Assessment	The 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.
Crime & Disorder	Section 17 of the Crime and Disorder Act 1998 has been considered, and no implications have been identified. The Strategic Audit Plan includes planned coverage on counter fraud assurance work.
Customer Consideration	The Strategic Audit Plan 2019/20 has been based on a risk-based audit needs assessment following consultation with customers of our Service including the Council’s Executive Management Team and Members of the Audit Committee.
Carbon reduction	None
Wards	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, 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, February 2019;
- (c) Strategic Audit Plan 2019/20, March 2019
- (d) Strategic Audit Plan 2018/19, March 2018;
- (e) NCC Constitution, November 2017;
- (f) NCC Finance and Contract Rules, December 2011; and
- (g) 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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