



Northumberland

County Council

AUDIT COMMITTEE

DATE: 29 JULY 2020

STRATEGIC AUDIT PLAN 2019/20 – FINAL MONITORING STATEMENT

Report of the Acting Chief Internal Auditor

Purpose of report

The purpose of this report is to provide Audit Committee with a final monitoring statement in respect of the Strategic Audit Plan for 2019/20.

Recommendations

It is recommended that the Audit Committee considers and notes the information set out in the Strategic Audit Plan Final Monitoring Statement, attached as **Appendix 1**.

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 set out in detail the planned Internal Audit coverage for the year and helps to ensure that internal auditing can fulfil its prescribed definition of "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations"¹. A final monitoring statement, outlining progress against the Audit Plan for 2019/20, is attached as **Appendix 1**. It takes each audit review area and associated key objectives, as agreed by Audit Committee, and notes the progress achieved.

87% of the planned productive days for 2019/20 have been achieved. A long-term sickness absence is the main reason for the shortfall in planned days. This has been managed in accordance with the County Council's agreed procedures and the position will continue to be monitored.

It is also notable that the volume of additional work requests and special investigations that have been required is high, and has led to the need to re-assess and adjust the Plan throughout the year.

¹ Public Sector Internal Audit Standards, CIPFA/IIA, 2017

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 Internal Audit team has a key role in helping the Council towards achievement of its objectives by exploring areas of potential efficiency and matters of probity and internal control. The Strategic Audit Plan helps to ensure that internal auditing can fulfil its prescribed definition of “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations”.

The Strategic Audit Plan Final Monitoring Statement, outlining achievement against the Audit Plan for 2019/20, is attached as **Appendix 1**. This sets out each audit review and associated key objectives, as agreed by Audit Committee, and notes the progress achieved.

During 2019/20, 39 audit assignments were programmed. One of the programmed assignments was not required during the year. Currently, 32 assignments (82%) were either complete or underway. Those audits not yet commenced have been risk assessed as part of Internal Audit’s continuing rolling programme and three (8%) have been reprogrammed and included in the Strategic Audit Plan for 2020/21. In respect of the remaining three (8%) assignments, Internal Audit’s planned coverage has been changed following assurance mapping, to provide support to other high areas as described below.

The Internal Audit Service needs to be responsive to emerging issues and the requirements of the organisation and there was contingency provision built into the annual plan for additional work requests. Additional work requests are assessed and prioritised against the agreed risk-based Plan. During 2019/20, the Service has responded to a significant number of emerging assurance issues within the organisation and it has therefore been necessary to switch resource from scheduled audit and assurance activity. As a result, and in accordance with professional auditing guidelines, the Chief Internal Auditor has re-assessed and reviewed the overall Plan to ensure that audit resources are directed to areas of maximum benefit to the Council.

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 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.
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 require that the Chief Audit Executive (Chief Internal Auditor) should provide an annual outturn of performance against planned work.
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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