



Northumberland
County Council

**Shared Internal Audit and Risk
Management Service**

**Annual Audit Plan 2019/20:
Final Monitoring Statement**

July 2020

Advice & Programme Assurance

Heading	Auditable Area	Description / Audit Objectives	Outturn
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 – continues into 2020/21.</p> <p>Additional ad-hoc work throughout the year has included:</p> <ul style="list-style-type: none"> • review of Youth Services financial administration procedures • review of Streetlighting Modernisation Project • review of a specific issue relating to Highways • review of Schools' Capital schemes • Covid19 – a number of requests for assurance including: <ul style="list-style-type: none"> ○ Prompt Supplier Payment ○ Business Grants
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>Complete – support has been provided to the following project Boards / Working Groups, and will continue into 2020/21 where necessary:</p> <ul style="list-style-type: none"> • Digital Northumberland Programme Board • Implementation of Oracle Cloud Solution • Office 365 & SharePoint • Electricity Contract Transfer

Audit and Assurance – Corporate and Cross Cutting

Heading	Auditable Area	Description / Audit Objectives	Outturn
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.	Complete – continues into 2020/21.
Corporate and Cross Cutting	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>Complete. During 2019/20 grant claim certifications totalled £27.9m, and in each case the grant return was found to be compliant with the grant providers' audit requirements.</p> <ul style="list-style-type: none"> • Local Transport Plan and associated grants – £26.8m • Bus Service Operators Grant - £0.5m • The Sele First School - £0.1m • Troubled Families – £0.5m <p>In addition, the Council's Carbon Reduction Commitment (CRC) return which calculates the value of carbon credits the Council is required to purchase has been certified with a value of £0.3m.</p>

Audit and Assurance – Corporate and Cross Cutting

Heading	Auditable Area	Description / Audit Objectives	Outturn
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 – report to Audit Committee July 2020.
Corporate and Cross Cutting	Governance and Value for Money Reviews	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 2019/20 include: <ul style="list-style-type: none"> • Risk Management arrangements • Corporate Health and Safety (including Lone Working arrangements) • Business Continuity Management • Treasury Management arrangements • Direct Payments 	<p>Work Underway:</p> <ul style="list-style-type: none"> • Risk Management arrangements • Section 106 / 278 Arrangements <p>Reviews reprogrammed to 2020/21:</p> <ul style="list-style-type: none"> • Business Continuity Management • Corporate Health and Safety - including Lone Working arrangements (work in this area will be included within 2020/21 Corporate Compliance Arrangements audit) <p>Following Internal Audit's rolling programme of risk assessment, the following assignments will no longer be undertaken to enable the resource to be directed towards higher risk areas:</p> <ul style="list-style-type: none"> • Treasury Management arrangements • Direct Payments

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Corporate and Cross Cutting	Alternative Service Delivery Arrangements	To review arrangements in place where the County Council delivers services via an alternative delivery mechanism to a traditional directly delivered service. This assurance will examine the adequacy of agreements and clarity of outcomes to be delivered via the alternative service delivery mechanism, and a range of other targeted controls appropriate to the arrangements in place.	Following Internal Audit’s rolling programme of risk assessment, this assignment will no longer be undertaken to enable the resource to be directed towards higher risk areas.

Audit and Assurance – Service Area Specific (Corporate Resources)

Heading	Auditable Area	Description / Audit Objectives	Outturn
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 2019/20, specific ICT audit coverage will be prioritised in the following areas:</p> <ul style="list-style-type: none"> • Implementation of Oracle Cloud solution (linked to Creditor Payments below) • BACS System Review • Payment Card Industry Data Security Standards (PCIDSS) Compliance • Perimeter Security • Business Continuity / Disaster Recovery • Network Management • Housing Management System Review • Public Services Network (PSN) Code of Compliance • Libraries System Review 	<p>2018/19 work completed:</p> <ul style="list-style-type: none"> • Google Apps (Significant Assurance – 3 medium and 15 low priority recommendations) <p>Work completed:</p> <ul style="list-style-type: none"> • PCIDSS Compliance (Limited Assurance – 2 high, 4 medium and 15 low priority recommendations) • Network Management (Limited Assurance – 1 high, 2 medium and 12 low priority recommendations) • Business Continuity / Disaster Recovery (Significant Assurance 2 medium & 7 low priority recommendations) • Libraries System Review (Significant Assurance – 4 medium and 10 low priority recommendations) • PSN Code of Compliance (Briefing Note issued) <p>Work underway:</p> <ul style="list-style-type: none"> • Virtual Desktop Infrastructure Platforms • Housing Management System Review • BACS System Review • Perimeter Security <p>Review reprogrammed to 2020/21:</p> <ul style="list-style-type: none"> • Implementation of Oracle Cloud Solution – the full system is not yet implemented. NB, we continue to support the implementation through our programme assurance work and will provide part coverage through the 2019/20 Creditor Payments audit.

Audit and Assurance – Service Area Specific

Heading	Auditable Area	Description / Audit Objectives	Progress Update
Education & 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 their annual report to the Department for Education (DfE).	Complete - work undertaken by Internal Audit ensured that all schools were able to submit their assessments by the deadline of 31 March 2020. The Authority was subsequently advised by the DfE that a return was not required for the 2019/20 financial year.
Education & Skills	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.	No Requests Received.
Education & Skills	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.	Underway. A thematic review of schools' local accounts is almost complete.
Education & Skills	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. Two financial procedure reviews were undertaken, one at a high school and another at a first school.

Heading	Auditable Area	Description / Audit Objectives	Outturn
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 – continues into 2020/21
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, with emphasis dictated by the organisation's risk profile determined on an annual basis.	<p>2018/19 work completed:</p> <ul style="list-style-type: none"> • Council Tax (Full Assurance – 1 low priority recommendation) <p>Work completed:</p> <ul style="list-style-type: none"> • Business Rates (Significant Assurance – 1 low priority recommendation) • Debt and Income Management (Limited Assurance – 3 high, 9 medium and 3 low priority recommendations) • Cash and Bank (Limited Assurance – 5 medium and 9 low priority recommendations) • Council Tax (Full Assurance – no recommendations) <p>Work underway:</p> <ul style="list-style-type: none"> • Payroll • Housing and Council Tax Benefit • Creditor Payments • Rent Assessment and Collection