



Northumberland County Council

AUDIT COMMITTEE

DATE: 30 NOVEMBER 2022

STRATEGIC AUDIT PLAN 2022/23 – INTERIM MONITORING STATEMENT Report of Head of Internal Audit and Risk Management

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 2022/23 (this document is attached as **Appendix 1**).

Recommendations

It is recommended that the Audit Committee notes and considers the progress set out in the Strategic Audit Plan Interim Monitoring Statement, attached as **Appendix 1**, and the level of 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 overall achievement of all priorities in the Council's Corporate Plan. In particular, it supports the "How" priority of the Corporate Plan 2021-24.

Key issues

The Strategic Audit Plan 2022/23 was presented to, and approved by, the Audit Committee at its meeting on 23 March 2022. 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 Strategic Audit Plan as at the end of September 2022, is attached as **Appendix 1**. During 2022/23, 48 assignments were programmed. At the mid-year point, 24 of these assignments (50%) were either in progress or completed. Work has also been undertaken to finalise 16 assignments from the previous financial year. In addition, a significant amount of unplanned work has been undertaken which is summarised below:

- Certification of an additional 6 grant claims, 5 of which have been finalised (and found to be compliant with the grant conditions) with a combined value of £23.91 million;
- Work has been undertaken on special investigations, where potential fraud and theft were suspected;
- Reviews requested by the Interim Executive Director of Finance (s151 Officer) in relation to potentially unlawful payments following s114A report.

The table below shows the current status of all planned audit assignments.

Status of Planned 2022/23 Assignments	Number	Percentage
Complete	3	6%
Underway	21	44%
Planned for second half of year	20	42%
At risk	0	0%
Reprogrammed to 2023/24	3	6%
No longer required	1	2%
Total	48	100%

Fig1. Planned Audit Analysis

A small number of assignments have been identified for reprogramming into 2023/24 due to timing or developments in those areas and an International Arrangements assignment is no longer required.

The resourcing of the Internal Audit team is kept under constant review and some reshaping of the team has been required during the first half of the year, following the ending of the Shared Internal Audit and Risk Management Service. The recruitment and induction of new staff members has impacted upon productive time available and the service currently have a vacant Senior Auditor position, for which a recruitment exercise is currently underway.

In order to ensure that we continue to support the Authority and provide coverage of emerging high-risk areas, the Strategic Audit Plan is kept under continuous review, particularly the impact of unplanned work and staff vacancies on completion of the planned activity scheduled for the second half of the year. Any assignments which do not take place this year will be re-assessed for inclusion within a future Strategic Audit Plan.

The Audit Plan will continue to be closely monitored for the remainder of the year and a full outturn will be reported to Committee in May 2023.

Implications

Policy	Effective internal audit is an essential part of the County Council's governance arrangements. Internal Audit examines the Council's systems of internal control, and the economy, efficiency and effectiveness with which resources are deployed. Based on an assessment of risk, the Strategic Audit Plan sets out the planned areas in which this coverage will be focussed.
Finance and value for money	The audit of the Council's activities, as set out in the Strategic Audit Plan, 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 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 checked="" 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 2022/23 was based on a risk-based audit needs assessment following consultation with customers of our service including the Executive Management Team and members of the Audit Committee.
Carbon reduction	None
Wards	All

Consultation

The Strategic Audit Plan 2022/23 was prepared following consultation with the following:

- Audit Committee
- Chief Executive
- Executive Directors
- Appropriate Service Directors and Heads of Service, and
- Cabinet Member for Corporate Services.

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, revised 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 2021/22, March 2021
- (d) Strategic Audit Plan 2022/23, March 2022;
- (e) Northumberland County Council Constitution & Finance and Contract Rules, and
- (f) 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

Author and Contact Details

Kevin McDonald, Head of Internal Audit and Risk Management

07966 325215

Kevin.McDonald@northumberland.gov.uk

Tony Candlish, Group Assurance Manager

Tony.Candlish@northumberland.gov.uk