



Northumberland County Council

Audit Committee

Wednesday, 29 November 2023

Key Outcomes from Internal Audit Reports

Report of Head of Internal Audit and Risk Management

1. **Link to Key Priorities of the 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 2023-2026. In particular, it supports the 'Value for Money' priority.

2. **Purpose of report**

The purpose of this report is to advise Audit Committee of key outcomes from Internal Audit reports issued between May 2023 and October 2023.

3. **Recommendations**

- 3.1 It is recommended that the Audit Committee considers the key findings from, good practice identified in, and management action taken in response to the Internal Audit reports issued in this period, summarised in **Appendix 1**.

4. **Background**

- 4.1 The work programme established for the Audit Committee ensures that the Committee receives regular reports summarising the outcomes from Internal Audit's planned work during the year. This is important in ensuring that Audit Committee is able to maintain oversight of emerging risks and governance themes as these arise during the year. This also reflects the Public Sector Internal Audit Standards (PSIAS), which state that "in addition to the annual report, 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".
- 4.2 A summary of key outcomes from planned Internal Audit reports issued between May 2023 to October 2023, including findings, areas of good practice identified, and action taken to date by management in response to each audit, is attached as Appendix 1. This information, along with intelligence gained from other substantive

audit work and project assurance work, supports the development of the Annual Opinion from the Chief Internal Auditor on the Framework of Governance, Risk Management and Control.

- 4.3 Internal Audit has also supported a number of special investigations and management requests in this time period. Key themes arising from this work are included in Internal Audit’s annual report. At the time of writing this report, additional reports are at final clearance stage and will be issued imminently. These reports will be included in the next report to the Audit Committee.

5. Options and reasons for the recommendations

- 5.1 The following decision options are available for consideration by Audit Committee:

Option 1

Audit Committee considers the key findings from, good practice identified in, and management action taken in response to the Internal Audit reports issued between May 2023 and October 2023.

Option 2

Audit Committee does not agree to consider the key findings from, good practice identified in, and management action taken in response to the Internal Audit reports issued between May 2023 and October 2023.

Option 1 is the recommended option. Audit Committee is required to receive reports from the Chief Internal Auditor during the course of the year, summarising the outcomes from Internal Audit’s work. This enables Audit Committee to maintain oversight of emerging risks and governance themes, which may be covered in the Chief Internal Auditor’s annual opinion report.

6. 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. The Strategic Audit Plan sets out the planned areas in which this coverage will be focused, based on an assessment of risk.
Finance and value for money	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.
Legal	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 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.
Procurement	None
Human resources	None
Property	None
The Equalities Act: is a full impact assessment required and attached?	No - not required at this point Equality Impact Assessment not required.
Risk assessment	Risks have been considered and there are no risks identified directly arising from this report. The Strategic Audit Plan is prepared using a risk-based approach, thus ensuring that coverage is focused on those areas of Council activity with high levels of risk to the achievement of key objectives.
Crime and disorder	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.
Customer considerations	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
Carbon reduction	None
Health and wellbeing	None
Wards	(All Wards);

7. 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 April 2017;

- Local Government Application Note for the UK Public Sector Internal Audit Standards, Chartered Institute of Public Finance & Accountancy / Institute of Internal Auditors;
- The Accounts and Audit Regulations 2015, April 2015;
- Northumberland County Council Finance and Contract Rules, December 2011; and
- Strategic Audit Plan 2023/24, March 2023.

8. Links to other key reports already published

None.

9. Author and Contact Details

Kevin McDonald, Head of Internal Audit and Risk Management (Chief Internal Auditor)

Email: Kevin.McDonald@northumberland.gov.uk

Simon Hall, Group Assurance Manager

Email: Simon.Hall@northumberland.gov.uk