



**Northumberland**  
County Council

# **Internal Audit and Risk Management Service**

## **Key Outcomes from Internal Audit Assignments (May 2023 – October 2023)**

# 1 Introduction – Governance Framework

- 1.1 Internal Audit is an independent, objective assurance function designed to add value and improve an organisation’s operations. Under the Public Sector Internal Audit Standards (PSIAS), Internal Audit is required to help an organisation accomplish its objectives by “bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”
- 1.2 It is important that the Audit Committee receives regular updates on key findings and governance themes from Internal Audit’s work. This is also emphasised in the PSIAS which require the Chief Internal Auditor to provide an annual opinion on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control and also to report on emerging issues in year.

## 2 Purpose of this Report

- 2.1 This report summarises the outcomes from Internal Audit reports which have been finalised, in consultation with management, and issued in the period from May 2023 – October 2023. Information has been provided on the level of assurance for each audit (described below), the number of recommendations made (classified according to priority), areas of good practice identified, and main findings. The progress made / action taken by management in respect of key issues identified from each audit has also been included.
- 2.2 It is intended that by providing regular reports on key outcomes from Internal Audit’s work, this will enable the Audit Committee to develop an ongoing awareness of the soundness of the framework of governance, risk management and control, in addition to receiving the Chief Internal Auditor’s annual opinion on this matter each May.
- 2.3 In this report, details of ten audit assignments are presented. Five of the audit assignments received a ‘reasonable assurance’ opinion, four received a ‘limited assurance’ opinion, with one assignment where an opinion was not expressed. There were 6 ‘high’ priority recommendations, 45 ‘medium’ priority recommendations made, but no ‘critical’ priority recommendations. These reports are detailed in **Section 4** below.
- 2.4 It is too early to report on action taken for a number of recommendations as the target dates have not yet been reached. In these cases, recommendations will be followed up later in the year in accordance with Internal Audit’s agreed processes. Details of evidence checking processes are included at **Section 5** below.

- 2.5 In addition to performing internal audits of existing systems within the Authority and responding to queries on the operation of such systems, Internal Audit has a significant and increasing role in advising on new systems within the Authority. Whilst the time spent on such assurance work reduces the number of available audit days, it is considered an efficient use of Internal Audit’s resource, in that assurance is obtained that effective controls are incorporated into new major systems from the outset. In turn, this minimises the risk of weaknesses in systems and strengthens the control environment.
- 2.6 Internal Audit has completed the certification of a number of grant returns, supported a number of special investigations, management requests and programme assurance work. A summary of this work is included at **Section 6** of this report. Key themes arising from this work will be included in Internal Audit’s annual report.

### 3 Opinion Framework

- 3.1 A framework of opinion classifications is used in Internal Audit reporting. The framework applies an overall assurance judgement to each system audited. The current opinion classifications are set out in the following table:

Level of Assurance	Description
Substantial Assurance	There is an effective system of internal control in place designed to achieve the Council’s objectives with only minor issues being identified which require improvement.
Reasonable Assurance	There is a generally sound system of control in place. However, some weakness in the design of, or occasional non-compliance with, key controls put the achievement of the system’s objectives at risk in some areas reviewed.
Limited Assurance	Weaknesses in the design of, or regular non-compliance with, key controls put the achievement of the system’s objectives at risk in some or all of the areas reviewed.
No Assurance	Significant weaknesses in the design of, or consistent non-compliance with, key controls could result (have resulted) in failure to achieve the system’s objectives in the areas reviewed.

- 3.2 The opinions given to audits issued during this period are shown in **Section 4**.
- 3.3 In addition to the overall opinion given on every internal audit, individual recommendations within each report are classified as critical, high, medium or low priority. This prioritisation is designed to assist management in assessing the importance of each recommendation. The definitions of these priority classifications are set out in the following table:

<b>Classification</b>	<b>Description</b>
Critical	Action that is considered critical to ensure the organisation is not exposed to unacceptable risk and the recommendation should be implemented immediately.
High	Action that is considered urgent to ensure the service area is not exposed to high risks and the recommendation should be implemented as a priority.
Medium	Action that is considered necessary to avoid exposure to considerable risks and the recommendation should be implemented within an appropriate time frame.
Low	Action that is considered desirable or best practice and would result in enhanced control or better value for money.

- 3.4 Prioritisation of Internal Audit recommendations is moderated through Internal Audit's quality control and file review processes.

## 4 Main Outcomes – Audit Reports Issued during period May 2023 – October 2023

	Audit Title	Audit Objectives	Assurance Opinion	Recommendations			
				Critical	High	Medium	Low
1	School Thematic Reviews – Value for Money – Middle School	The audit reviewed and appraised the adequacy and effectiveness of controls and procedures in place to achieve value for money in accordance with the Scheme for Financing Schools, Local Authority guidance and best practice.	<b>Reasonable</b>	0	0	2	1
Good Practice Highlighted		Main Issues Identified and Priority of Recommendations		Progress Made/Action Taken			
<p>During the budget monitoring process the School identified increasing stationery costs. The School proactively sought a new supplier, which has resulted in reduced costs for paper supplies and demonstrates the School actively considering value for money.</p>		<ul style="list-style-type: none"> <li>• <b>Contracts and Tendering:</b> In two cases, accumulated expenditure with a supplier exceeded £10k. However, three quotes had not been obtained and evidence could not be provided of this being considered and reported to the Governing Body. <b>(Medium)</b></li> <li>• <b>Legal Advice:</b> Legal advice had not been sought in relation to contracts. Governing Body approval to enter into one contract was not recorded in meeting minutes. <b>(Medium)</b></li> </ul>		<p>Final report issued 12 June 2023.</p> <p>Management have certified the implementation of both medium priority recommendations.</p>			

	Audit Title	Audit Objectives	Assurance Opinion	Recommendations			
				Critical	High	Medium	Low
2	School Thematic Reviews – Value for Money – High School	The audit reviewed and appraised the adequacy and effectiveness of controls and procedures in place to achieve value for money in accordance with the Scheme for Financing Schools, Local Authority guidance and best practice.	Reasonable	0	0	3	2
Good Practice Highlighted		Main Issues Identified and Priority of Recommendations		Progress Made/Action Taken			
Testing confirmed that there is a generally sound system of control in place in most of the areas examined. A value for money Benchmarking exercise is carried out annually and presented to the Governing Body.		<ul style="list-style-type: none"> <li>• <b>Budget Monitoring:</b> Payroll monitoring and reconciliation was solely undertaken by the Business Director. <b>(Medium)</b></li> <li>• <b>School Development Plan:</b> The School Development Plan did not include the costs associated with improvement actions. <b>(Medium)</b></li> <li>• <b>Financial Procedures:</b> The School's Financial Procedures Manual was last updated in September 2019. <b>(Medium)</b></li> </ul>		<p>Final Report issued 22 June 2023.</p> <p>Management have confirmed that:</p> <ul style="list-style-type: none"> <li>• The recommendation relating to Payroll had been implemented.</li> <li>• While progress has been made on the School Development Plan and the School's Financial Procedures Manual, a revised target implementation date of 31 December 2023 would allow full implementation of both recommendations.</li> </ul>			

	Audit Title	Audit Objectives	Assurance Opinion	Recommendations			
				Critical	High	Medium	Low
3	IS Data Storage	The objective of the audit was to review and appraise the adequacy and effectiveness of controls established in relation to Data Storage within the County Council's information systems.	Limited	0	1	6	7
Good Practice Highlighted		Main Issues Identified and Priority of Recommendations		Progress Made/Action Taken			
<p>Audit logging is applied to the SAN which records the activity of system administrators. This includes configuration files, accessed or changed.</p>		<ul style="list-style-type: none"> <li>• <b>Policies:</b> A documented data storage policy was not in place. <b>(Medium)</b></li> <li>• <b>Confidential Data:</b> Some folders on the SAN where access should have been restricted were accessible to additional users. <b>(High)</b></li> <li>• <b>Email Storage:</b> There has been an ongoing issue of employees using their email accounts as a document storage facility. Reports detailing the size of each mailbox have been provided to Executive Team. However, this had not happened recently, and guidance had not been issued to employees. <b>(Medium)</b></li> <li>• <b>System Retention:</b> There were multiple systems in use across the Authority which do not have archiving and deletion functionality. <b>(Medium x 2)</b></li> <li>• <b>Documents:</b> A review of the SAN identified folders and documents showing last modified dates which suggest that these are no longer required. <b>(Medium)</b></li> <li>• <b>Digital and Physical Records:</b> A number of records were identified as being a physical record that had then been scanned into a system and saved into a file share, but all the previous copies not deleted. Due to the duplication of documents, there are concerns with the volume of storage used. <b>(Medium)</b></li> </ul>		<p>Final Report issued 14 July 2023.</p> <p>Management have confirmed that:</p> <ul style="list-style-type: none"> <li>• A draft data storage policy is expected for the end of December with a revised target implementation date set.</li> <li>• Significant effort has been identified as necessary to fully implement the recommendation relating to confidential data. Mitigating actions are in place and audit capabilities to report on user access are being investigated, with a revised target implementation date set.</li> <li>• O365 / Outlook now defaults to SharePoint / OneDrive attachments to avoid attachments. Plans are in place to share guidance on document storage during period Jan- March 24 and on an ongoing basis with support docs on intranet. The implementation date has been revised to 31 March 2023.</li> <li>• The development of retention schedules for services is being led by Information Governance.</li> </ul> <p>The target implementation dates for two medium priority recommendations have not yet been reached.</p>			

	Audit Title	Audit Objectives	Assurance Opinion	Recommendations			
				Critical	High	Medium	Low
4	School Thematic Reviews – Value for Money – Community Special School	The audit reviewed and appraised the adequacy and effectiveness of controls and procedures in place to achieve value for money in accordance with the Scheme for Financing Schools, Local Authority guidance and best practice.	Reasonable	0	0	5	3
Good Practice Highlighted		Main Issues Identified and Priority of Recommendations		Progress Made/Action Taken			
<p>A contract register is in place and has assisted the Senior Business Leader to understand the cost implications of terminating three contracts and assessing value for money of the intended combined replacements and the timescales involved.</p>		<ul style="list-style-type: none"> <li>• <b>Budget Approval:</b> Records document that the Governing Body approved the budget on 09/05/22, however the evidencing Governing Body approval could not be provided. <b>(Medium)</b></li> <li>• <b>School Development Plan:</b> The School Development Plan did not include the costs associated with improvement actions. <b>(Medium)</b></li> <li>• <b>Financial Procedures Manual:</b> The School Financial Procedures Manual was out of date. <b>(Medium)</b></li> <li>• <b>Contracts and Tendering:</b> Three cases were identified where expenditure exceeded £10k. In the first instance, emergency repairs were approved by the Chair and Vice Chair, but approval was not recorded in subsequent minutes. In two other cases, services were procured from preferred suppliers. However, minutes supporting the decision as being authorised by the Governing Body were not available. <b>(Medium)</b></li> <li>• <b>Legal Services:</b> Several contracts are in place, but legal advice had not been sought when these contracts were entered into. In addition, minutes were not provided to evidence contract approval by the Governing Body. <b>(Medium)</b></li> </ul>		<p>Final Report issued 20 July 2023.</p> <p>The following update has been received from management.</p> <p><b>Budget Approval:</b> Management confirmed that a meeting had been added to the Governors calendar to ensure Governing Body approval of the budget is recorded prior to its submission to Northumberland County Council. The target implementation Date has been revised to 31 May 2024</p> <p><b>School Development Plan:</b> A costings document was provided showing costs associated with School Development plan actions.</p> <p><b>Financial Procedures Manual:</b> New FPM has been completed and agreed by the Governing Body.</p> <p><b>Contracts and Tendering:</b> Minutes have been provided showing example exceptions being agreed and approved by the Governing Body.</p> <p><b>Legal Services:</b> Early discussions have begun concerning new specific contracts and legal advice will be sort at an appropriate time.</p>			



	Audit Title	Audit Objectives	Assurance Opinion	Recommendations			
				Critical	High	Medium	Low
5	Payroll	The audit objective was to review and appraise the adequacy and effectiveness of controls established in relation to the payroll system and processes.	Reasonable	0	0	2	3
Good Practice Highlighted		Main Issues Identified and Priority of Recommendations		Progress Made/Action Taken			
The control framework has been strengthened by additional quality assurance checks for each payroll run.		<ul style="list-style-type: none"> <li>• <b>Employee Establishment Listing Data:</b> Information for new additions or amendments to the establishment listing was not always provided in the same format, and confirmation that data had been checked was not provided. Staff highlighted that not all required information was provided leading to additional requests for information. <b>(Medium)</b></li> <li>• <b>Allowance and Overtime Payment Administration:</b> Reconciliations were not performed to ensure data within allowance and overtime spreadsheets were accurate to data within the Office 365 data flow file management system, and the data uploaded to Oracle for payment. <b>(Medium)</b></li> </ul>		<p>Final Report issued 18 August 2023.</p> <p>Both recommendations have been self-certified as implemented by management.</p> <p>Internal Audit has undertaken evidence checking and can confirm both recommendations have been implemented.</p>			

	Audit Title	Audit Objectives	Assurance Opinion	Recommendations			
				Critical	High	Medium	Low
6	IS Business Continuity & Disaster Recovery	To review and evaluate the design, implementation and effectiveness of Information Services' Business Continuity (BC) and Disaster Recovery (DR) arrangements to minimise any disruption to the computer processing of business-critical systems.	Limited	0	3	3	2
Good Practice Highlighted		Main Issues Identified and Priority of Recommendations		Progress Made/Action Taken			
<p>Information Services (IS) has procured Disaster Recovery as a Service (DRaaS) from ProAct, the same supplier who also provides the Authority with a corporate offsite backup solution. This service should provide the Authority with an effective DR solution as ProAct will use the data they already hold, to ensure data can be restored in a timely manner minimising the level of disruption. DRaaS is currently being tested by IS.</p>		<ul style="list-style-type: none"> <li>• <b>Business Impact Analysis (BIA):</b> The BIA obtained from IS was a draft document dated February 2019. The BIA needed updating to reflect changes in the back up and DR solutions in place. The BIA should also be updated to reflect the decommissioning of telephony system and changes to the remote access systems. <b>(High)</b></li> <li>• <b>Business Continuity Plan (BCP):</b> The IS BCP was issued in 2019 and evidence could not be provided that the plan was subject to an approval process or that the plan had been reviewed since it was first issued. In addition, the BCP contained an Emergency Contact List, but required updating. <b>(High)</b></li> <li>• <b>Disaster Recovery (DR) Plan:</b> IS did not have a DR plan in place. <b>(High)</b></li> <li>• <b>BCP Training:</b> Employees potentially responsible for executing the BCP had not received training. <b>(Medium)</b></li> <li>• <b>BCP Testing:</b> It was not clear that BCPs were effective, as they had not been subjected to formal testing. <b>(Medium)</b></li> <li>• <b>High Availability Testing:</b> High Availability describes systems that are required to be dependable enough to operate continuously without failing. Testing the high availability functionality applied to devices across the corporate network was not in place. <b>(Medium)</b></li> </ul>		<p>Final Report issued 28 September 2023.</p> <p>The target implementation dates for the six agreed recommendations have not yet been reached.</p>			

	Audit Title	Audit Objectives	Assurance Opinion	Recommendations			
				Critical	High	Medium	Low
7	Cyber Security	To determine whether the Authority has appropriate cyber security controls in place, to protect its information systems and data, and minimise the potential disruption to service delivery caused by a cyber-attack.	Limited	0	2	5	1
Good Practice Highlighted		Main Issues Identified and Priority of Recommendations		Progress Made/Action Taken			
<p>Good controls were found to be in place to protect data whilst in transit and at rest.</p>		<ul style="list-style-type: none"> <li>• <b>Cyber Strategy:</b> A formally documented and approved cyber strategy was not in place. <b>(High)</b></li> <li>• <b>Cyber Security Awareness:</b> Current ICT policies did not specifically reference or raise the profile of cyber security. In addition, a training and awareness programme had not yet been implemented. <b>(Medium)</b></li> <li>• <b>Datacentre Access:</b> Access lists to the Darlington Data Centre included at least one former IS member of staff. <b>(Medium)</b></li> <li>• <b>Staff Cyber Training:</b> Computer based cyber security training was available on the Learning Together platform, but it is not mandatory. As of January 2023, only 162 employees had completed the training. <b>(Medium)</b></li> <li>• <b>Vulnerabilities:</b> Vulnerabilities were not being addressed in a timely manner. The target is 14 days to resolve all high and critical vulnerabilities. At the time of the audit, there were 117 'critical' and 'high' vulnerabilities older than 14 days. <b>(Medium)</b></li> <li>• <b>Local software Installs:</b> Improvements were identified relating to ensuring software can only be installed on devices by administrators. <b>(Medium)</b></li> <li>• <b>Cyber Incident Response:</b> The Cyber Incident Response Plan was created in June 2022 but remained in draft. Playbooks for various cyber-attacks had been devised but not tested and approved. <b>(High)</b></li> </ul>		<p>Final Report issued 28 September 2023.</p> <p>Management have confirmed that in respect of high priority recommendations:</p> <ul style="list-style-type: none"> <li>• The Cyber Strategy has been formalised and approved by Security Board; and</li> <li>• Cyber Incident Response Plan has been tested using a recent incident. Playbooks are now in place and have been tested several times, with final testing expected to be completed shortly.</li> </ul> <p>Management have confirmed that in respect of medium priority recommendations:</p> <ul style="list-style-type: none"> <li>• Work is progressing to block downloads of all executables through web filtering software. However, the recommendation is not yet fully implemented</li> </ul> <p>The target implementation dates for three medium priority recommendations have not yet been reached.</p>			

	Audit Title	Audit Objectives	Assurance Opinion	Recommendations			
				Critical	High	Medium	Low
8	IS Retrieval and Access Rights	To review and appraise the adequacy and effectiveness of controls established in relation to Retrieval and Access Rights, designed to manage the risk of unauthorised access to the County Council's information systems	Limited	0	0	14	4
Good Practice Highlighted		Main Issues Identified and Priority of Recommendations		Progress Made/Action Taken			
A corporate offsite backup solution ensures data can be restored in timely manner.		<ul style="list-style-type: none"> <li>• <b>Domain Controllers (DCs):</b> Plans were required to ensure that all Domain Controller servers (DCs) were suitably protected, as two were approaching end of life status. <b>(Medium)</b></li> <li>• <b>Domain joined servers:</b> Liaison was required with a third party supplier to ensure timely patching of specific servers. <b>(Medium)</b></li> <li>• <b>Domain Administrators:</b> A review of administrator accounts and a generic account was required, to ensure that only activities commensurate with business need can be performed. <b>(Medium x 2)</b></li> <li>• <b>Administrator Groups:</b> A review of permissions applied to IS employees and domain administrator accounts was required to ensure they continue to meet business need. <b>(Medium)</b></li> <li>• <b>Third Party Access:</b> Recommendations were agreed relating to applying multi-factor authentication to all third party access and a review of all third party accounts to ensure consistent secure access. <b>(Medium x 2)</b></li> <li>• <b>Stale Accounts:</b> A review of user accounts and strengthening of ongoing housekeeping arrangements were required. <b>(Medium x 2)</b></li> </ul>		<p>Final Report issued 28 September 2023.</p> <p>Management confirmed that the two DCs identified have been replaced. The service has provided evidence to Internal Audit and implementation of this recommendation has been confirmed.</p> <p>The target implementation dates for eleven medium priority recommendations have not yet been reached.</p>			

	<ul style="list-style-type: none"><li>• <b>Passwords:</b> Two recommendations were agreed to strengthen password controls across the organisation. <b>(Medium x 2)</b></li><li>• <b>Audit Logging:</b> Two recommendations were agreed to strengthen arrangements for audit logging of changes and access to servers and client machines. <b>(Medium x 2)</b></li><li>• <b>Security Incident Events Management (SIEM) System:</b> Training of additional employees in this system was required, in order to help ensure no single points of failure in the service. <b>(Medium)</b></li></ul>	
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	Audit Title	Audit Objectives	Assurance Opinion	Recommendations			
				Critical	High	Medium	Low
9	Borderlands - Governance Arrangements over Accountable Body Status	To provide assurance to Northumberland County Council, in its capacity as the Accountable Body for funding relating to projects located in England, that the Borderlands Programme Management Office have put in place appropriate systems to ensure the effective management and delivery of the Deal and its programmes and projects.	Reasonable	0	0	5	0
Good Practice Highlighted		Main Issues Identified and Priority of Recommendations		Progress Made/Action Taken			
<p>Governance processes were found to be well documented and useful information was captured in the Programme Handbook. Minutes of the Partnership Board and the Economic Forum meetings were published and available through the internet.</p>		<ul style="list-style-type: none"> <li>• <b>Minutes of Meetings:</b> A recommendation was agreed relating to ensuring that minutes of meetings are retained consistently, in accordance with agreed requirements. <b>(Medium)</b></li> <li>• <b>Group Responsibilities:</b> There were instances where processes or actions required in the Borderlands governance documentation were not being followed and governance documentation may need revised to ensure they remain fit for purpose. <b>(Medium)</b></li> <li>• <b>Code of Conduct:</b> Signed Code of Conduct forms were not located for all members of the Economic Forum. <b>(Medium)</b></li> <li>• <b>Project Inspections:</b> Borderlands Inclusive Growth Deal Programme Handbook states Project Inspections will be undertaken on an annual basis but these had not taken place. <b>(Medium)</b></li> <li>• <b>Project Audits:</b> Project audits had not taken place. The Programme Handbook states 'As set out in the funding agreement, each project in receipt of Borderlands funding should provide an auditors review confirming that the project outcomes have been successfully achieved each year and at the end of the project, unless agreed in writing with the PMO and Accountable Body'. <b>(Medium)</b></li> </ul>		<p>Final Report issued 29 September 2023. Management have confirmed that:</p> <ul style="list-style-type: none"> <li>• Progress has been made in collecting Code of Conduct forms with only one now outstanding and a revised target implementation date of 31 December 2023 was agreed.</li> <li>• Project Inspections for the two currently live projects have been scheduled to be completed during 2024 and a revised target implementation date of 31 August 2024 was agreed</li> <li>• Management has provided evidence of the implementation of the recommendation relating to Project Audits. This is confirmed as implemented by Internal Audit.</li> </ul> <p>The target implementation dates for the remaining two medium priority recommendations have not yet been reached.</p>			

	Audit Title	Audit Objectives	Assurance Opinion	Recommendations			
				Critical	High	Medium	Low
10	School Thematic Reviews – Value for Money – Central Briefing Note	<p>Internal Audit includes work within its annual plan to undertake reviews, on a thematic basis, to assess the application of controls associated with the discharge of responsibilities relating to delegated school budgets. The audit reviewed and appraised the adequacy and effectiveness of controls and procedures in place to achieve value for money in accordance with the Scheme for Financing Schools, Local Authority guidance and best practice.</p> <p>The briefing note summarised the findings from the five sample schools visited as part of the Value for Money thematic reviews and was provided to the Executive Director – Transformation and Resources and the Executive Director – Children, Young People &amp; Education.</p>	n/a	0	0	0	0
Good Practice Highlighted		Main Issues Identified and Priority of Recommendations		Progress Made/Action Taken			
<p>The review concluded that there was a generally sound system of control in place in most of the areas examined. In each of the five schools it was the opinion of Internal Audit that the framework of internal control provides Reasonable Assurance in relation to those areas covered.</p>		<p>The results of three of the schools visited are presented above in this report and the findings from the first two school visits completed were presented in the Key Outcomes from Internal Audit Assignments (November 2022 – April 2023) report presented to Audit Committee in July 2023. As recommendations had been agreed within individual reports issued to each of the schools visited they were not repeated within this briefing note.</p> <p>There were several common issues identified where similar recommendations were made across the majority of schools. This included school development plans not including costs associated with improvement actions, evidence of a monthly review of budget reports not being recorded, a lack of a contract register in place, and occasions where contract documentation was not submitted to the School's legal advisor for review before entering into a commitment.</p>		<p>Briefing Note issued 10 October 2023.</p> <p>To highlight common issues identified during the visits a Control Checklist will be sent out to all schools. The checklist can be used by schools to undertake a self-assessment of their own control arrangements in relation to the areas covered by this review.</p>			

## 5 Evidence Checking and Progress with Implementation of Recommendations

- 5.1 For recommendations where a Reasonable Assurance opinion has been issued Internal Audit evidence check that 'critical', 'high' and 'medium' priority recommendations have been implemented, once self-certified as implemented by management. For audits where a Limited Assurance opinion has been provided, a follow-up audit is included in the following year's Strategic Audit Plan and full implementation and embeddedness of recommendations will be evidence checked at the time of the follow up. In these cases, prior to the undertaking of follow-up reviews, managers will be required to self-certify that 'critical', 'high' and 'medium' priority recommendations have been implemented.
- 5.2 Internal Audit reports issued during the period May 2023 to October 2023 included 6 'high' priority recommendations and 45 'medium' priority recommendations. There were no 'critical' recommendations issued in the period under review. Of these recommendations issued, the 6 'high' priority recommendations and 28 of the 'medium' priority recommendations related to audits receiving a Limited Assurance opinion, for which follow up reviews will be included within the 2024/25 Strategic Audit Plan.
- 5.3 Of the remaining 17 medium priority recommendations,
- 10 have been self-certified as implemented by management. Internal Audit has undertaken evidence checking in relation to 5 of these recommendations and can confirm implementation in all cases.
  - For 5 recommendations, progress has been made with a revised target date for full implementation provided.
  - The target dates for implementation of the remaining 2 recommendations have not yet been reached.
- 5.4 A new system for the monitoring and reporting of Internal Audit recommendation implementation continues to be developed with Information Services and is planned to be finalised and implemented during 2023/24. This will enable Internal Audit to monitor and report on the implementation of Internal Audit recommendations more effectively in future reports to Audit Committee. Testing of the system is currently being undertaken and if this is successful it is intended to trial the system with a small number of services who have volunteered to take part in a pilot exercise.



## 6 Programme Assurance, Grant Certification and Investigation Work Undertaken

Area of Work	Summary of Work Undertaken
<b>Grant Certification – Supporting Families</b>	<p>Programme of targeted intervention – Government pays local authorities for each family that meet set criteria. 2 returns were submitted by the Council in the period:</p> <ul style="list-style-type: none"> <li>• June 2023 Return Certification Value £0.0344m</li> <li>• August 2023 Return Certification Value £0.376m</li> </ul>
<b>Grant Certification – Bus Service Operators Grant</b>	<p>Government grant to support rural bus services.</p> <p>Return Certification Value £0.500m</p>
<b>Grant Certification – Local Transport Plan</b>	<p>Capital funding for highways projects.</p> <p>Return Certification Value £23.426m</p>
<b>Grant Certification – Home Upgrade Grant Phase 1 (HUG1)</b>	<p>The primary purpose of the Home Upgrade Grant Phase 1 (HUG1) Grant, part of the Sustainable Warmth competition funding, is to raise the energy efficiency rating of low-income and low EPC rated homes (those with D, E, F or G). The funding will also support low-income households with the transition to low-carbon heating.</p> <p>Return Certification Value £0.103m</p>
<b>Grant Certification – Family Hubs Capital Grant</b>	<p>Family Hubs and Start for Life programme P1 &amp; P2 Capital Grant. This accompanied the larger Family Hubs and Start for Life programme grant. The programme is to investment in essential services in the crucial Start for Life period from conception to age two, and services which support parents to care for and interact with their children. The programme is part of delivering the government’s commitments as set out in ‘The Best Start for Life: A Vision for the 1,001 Critical Days’ and builds on delivery of the Healthy Child Programme 0-19 public health services, supporting babies, children, and families.</p> <p>Return Certification Value £0.036m</p>
<b>Grant Certification – Northumberland Communities Together Grant</b>	<p>Northumberland Communities Together community hubs programme is a project to build capacity, partnership, and shared ambitious outcomes for communities and residents.</p>

Area of Work	Summary of Work Undertaken
	<p>Ultimately the programme will assist communities and groups to be better connected, ready to respond to need and opportunity and be more resilient.</p> <p>Return Certification Value £0.495m</p>
<p><b>Grant Certification – Disabled Facilities Grant (DFG)</b></p>	<p>DFG is ring-fenced within the Better Care Fund. DFG funding is primarily for the provision of home adaptations supporting the Council’s statutory duty to provide adaptations to the homes of eligible residents.</p> <p>Return Certification Value £3.329m</p>
<p><b>National Fraud Initiative Payroll investigation</b></p>	<p>Investigation into potentially fraudulent payroll match identified as part of the National Fraud Initiative which appears to be a case of dual employment. Briefing note issued.</p>
<p><b>Project Assurance - New Daily Cash Authorisation System.</b></p>	<p>An overview of controls within the new Treasury Management system for preparing, reviewing and authorising daily cash transfers. A small number of recommendations were made to improve the controls within the system.</p>
<p><b>Participation in the Cabinet Office’s National Fraud Initiative</b></p>	<p>Northumberland County Council participates in the National Fraud Initiative data matching exercise to assist in the prevention and detection of fraud and are required to provide sets of data to the Minister for the Cabinet Office for matching for each exercise.</p> <p>The Cabinet Office released results of the latest biennial National Fraud Initiative (NFI) data-matching exercise matches earlier this year. Internal Audit have allocated the appropriate matches to the relevant services for investigation and this exercise is ongoing.</p> <p>Internal Audit have recently commenced the annual Council Tax Single Person Discount NFI data-match and are in the process of contacting relevant officers to provide the required data sets for upload in December 2023.</p>
<p><b>Internal Audit reviews in relation to potentially unlawful payments following s114A report</b></p>	<p>A number of additional reviews were completed at the request of the Executive Director – Transformation and Resources (s151 Officer) in relation to potentially unlawful payments following the s114A report.</p>