



Northumberland County Council

Audit Committee

Wednesday, 29 November 2023

Strategic Audit Plan 2023/24 - Interim Monitoring Statement

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 provide the Audit Committee with an interim (half yearly) monitoring statement in respect of the Strategic Audit Plan for 2023/24 (this document is attached as **Appendix 1**).

3. Recommendations

- 3.1 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.

4. Background

- 4.1 The Strategic Audit Plan 2023/24 was presented to, and approved by, the Audit Committee at its meeting on 29 March. 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).
- 4.2 An Interim Monitoring Statement, outlining progress against the Strategic Audit Plan as at the end of September 2023, is attached as **Appendix 1**. Within the 2023/24 Strategic Audit Plan, 49 assignments were programmed. At the mid-year point, 24 of these assignments (48.98%) were either in progress or completed. Work has also been undertaken on finalising 17 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 4 grant claims with a combined value of £3.96m;
- Work has been undertaken on special investigations, where potential fraud and theft were suspected;
- Reviews requested by the Executive Director of Transformation & Resources (s151 Officer) in relation to potentially unlawful payments following s114A report.

4.3 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. This has been formalised at the mid-point of the year, with further engagement undertaken with Executive Management Team. Following engagement, 5 additional assignments have been identified for inclusion within the 2023/24 plan of work. Of these assignments, 3 are currently underway and 2 are planned for the second half of the year.

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

Status of Planned 2023/24 Assignments	Number	Percentage
Complete	8	16.33%
Complete - ongoing	5	10.20%
Underway	11	22.45%
Planned for second half of year	15	30.61%
Reprogrammed to 2024/25	10	20.41%
No longer required	0	0%
Total	49	100%

Fig1. Planned Audit Analysis

4.5 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. The recruitment and induction of new staff members impacts upon productive time available and the service has successfully undertaken one recruitment process, with recruitment to a further post currently underway.

4.6 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 2024.

4.7 A series of performance indicators were formalised during 2023/24 to help monitor and report upon Internal Audit's performance and effectiveness. Key performance indicators are detailed below, along with target and actual performance for the first half of the year:

Key Performance Indicator	Target	Actual to 30 Sept.	2022/23 Actual
%age of planned productive days achieved	90%	45.87%	90.5%
%age of number of assignments completed (or substantially completed) compared to planned number of assignments	90%	42.86%	89.1%
%age of final reports issued within 10 calendar days of receipt of all management responses to draft report	95%	100%	-
Average score from client feedback received	Lower than 2.0	1.321	1.307

- 4.8 The Public Sector Internal Audit Standards require that an external assessment of conformance to the standards by the Internal Audit Service is undertaken at least once every five years. The previous external assessment was undertaken of the shared Internal Audit service with North Tyneside Council in 2018. An external assessment is currently being undertaken by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the outcomes will be reported to Audit Committee once concluded.
- 4.9 A self-assessment of conformance to the standards was undertaken and reported to Audit Committee in January 2023, with an update reported to Audit Committee in July 2023. The self-assessment reported a high level of conformance and highlighted a small number of areas in which further development would assure greater adherence to the required standards, with identified actions. An update on all actions is set out in **Appendix 2**.

5. Options and reasons for the recommendations

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

Option 1

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.

Option 2

Audit Committee does not agree to note and consider 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.

Option 1 is the recommended option. Audit Committee is required to receive periodic updates from the Chief Internal Auditor on Internal Audit matters, including performance relating to its plan of work.

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. 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
The Equalities Act: is a full impact assessment required and attached?	No - not required at this point No equalities implications identified.
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 and 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 considerations	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
Health and wellbeing	None
Wards	All

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:

- (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 2022/23, March 2022
- (d) Strategic Audit Plan 2023/24, March 2023
- (e) Northumberland County Council Constitution & Finance and Contract Rules
- (f) The Accounts and Audit Regulations 2015, April 2015.

8. **Links to other key reports already published**

Not Applicable

9. **Author and Contact Details**

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