

North Tyneside Council Report to Audit Committee Date: 25 November 2015

ITEM 10

Title: Key Outcomes from
Internal Audit reports
Issued during April to
September 2015

Report from Service Area: Law and Governance

Report Author: Allison Mitchell, Chief Internal Auditor (Tel: 643 5720)

Wards affected: All

PART 1

1.1 Purpose:

The purpose of this report is to advise the Audit Committee of the key outcomes from Internal Audit reports issued during April to September 2015 (**Appendix A**).

1.2 Recommendation(s):

It is recommended that the Audit Committee:

- (a) considers the key findings from, good practice identified in, and management action taken in response to the Internal Audit reports issued, attached as **Appendix A**; and
- (b) notes the Chief Internal Auditor's opinion that the framework of governance, risk management and control is satisfactory overall at this stage in the year.

1.3 Council plan and policy framework

The work of Internal Audit and the Audit Committee covers all service responsibilities as identified within the Council Plan.

1.4 Information

Key Outcomes from Internal Audit Reports Issued During April to September 2015

- 1.4.1 It is important that the Audit Committee receives regular updates on the key outcomes arising from Internal Audit's planned work. This is also emphasised in the Public Sector Internal Audit Standards (PSIAS), which state that "in addition to the annual report [reported to the Audit Committee each May], 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".
- 1.4.2 The Terms of Reference for the Audit Committee state that it will consider the effectiveness of the Authority's control environment; and the Chief Internal Auditor's report and opinion in this regard. Reporting of the key findings from Internal Audit reports issued at regular intervals allows the Audit Committee to be made aware of the

Authority's governance arrangements on a timely basis during the year. It also enables the Committee to develop an ongoing awareness of the soundness of the framework of governance, risk management and control, in advance of receiving the Chief Internal Auditor's annual report on this matter.

- 1.4.3 A summary of key outcomes from planned Internal Audit reports issued between April and September 2015, including areas of good practice identified and action taken to date by management in response to each audit, is attached as **Appendix A**. Based on the outcomes from audits issued to date, and management action undertaken in response to these, the Authority's framework of governance, risk management and control is considered to be satisfactory overall at this stage in the year (which is a positive outcome for our organisation).
- 1.4.4 Internal Audit has also supported a significant number of special investigations and management requests. Due to the nature of this work, it is not appropriate to report findings in detail (as this may weaken the control environment) at this juncture.
- 1.4.5 At the time of writing this report, a significant number of 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. The outcomes at this stage would not change the Chief Internal Auditor's opinion that the Authority's framework of governance, risk management and control is satisfactory.

1.5 Decision Options:

It is recommended that the Audit Committee considers the summary of Internal Audit reports issued, attached as **Appendix A**, and the consequent evaluation of the Authority's framework of governance, risk management and control as satisfactory overall.

There are no other options available in relation to this report.

1.6 Reasons for recommended option:

This recommendation will allow the Authority to operate in line with legislation, good practice and professional guidance.

1.7 Appendices:

Appendix A: Key Outcomes from Internal Audit Reports Issued During April to September 2015

1.8 Contact officers:

Kevin McDonald (Group Assurance Manager) Tel 643 5738
Karen Hindmarch (Senior Auditor) Tel 643 5736

1.9 Background information:

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, December 2012 (P) [Public Sector Internal Audit Standards](#)
- (b) Local Government Application Note for the UK Public Sector Internal Audit Standards, Chartered Institute of Public Finance & Accountancy / Institute of Internal Auditors, April 2013 (P)
- (c) Financial Regulations C.24 – C.35, Version 5a, September 2013 (P)
http://november.northtyneside.gov.uk:7777/pls/portal30/NTC_PSCM.PSCM_Web.do_wnload?p_ID=515604
- (d) Internal Audit Terms of Reference, March 2012 (P)
http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=533726
- (e) Strategic Audit Plans 2014/15 and 2015/16, March 2014 and 2015 (P)
http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=551881
http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=559568
- (f) Internal Audit Reports & Briefing Notes prepared during 2015/16 (C)
- (g) Corporate Strategic, Service Strategic and Operational Risk Registers (C)
- (h) The Accounts and Audit Regulations 2015, April 2015 (P)
http://www.legislation.gov.uk/uksi/2015/234/pdfs/uksi_20150234_en.pdf

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The Internal Audit service supports the Chief Finance Officer in discharging the requirements of section 151 Local Government Act 1972, which requires that local authorities ‘make arrangements for the proper administration of their financial affairs’. Internal Audit examines the Authority’s systems of internal control, and the economy, efficiency and effectiveness with which resources are deployed.

There are no financial implications arising from the recommendations set out in this report.

2.2 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. Public Sector Internal Audit Standards and related Local Government Application Note require that the Chief Internal Auditor should make arrangements for interim reporting to the organisation in the course of the year.

2.3 Consultation/community engagement

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.

2.4 Human rights

There are no human rights issues arising from this report.

2.5 Equalities and diversity

There are no equality and diversity issues arising from this report.

2.6 Risk management

The risks associated with this report have been considered and discussed with the Senior Risk Advisor and will be managed in accordance with the North Tyneside Council risk process. Risk management is an inherent strand of the auditing and assurance process, which assesses the management of risk within each audited area.

2.7 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.

2.8 Environment and sustainability

There are no environment and sustainability issues arising from this report.

Report authors Allison Mitchell
 Kevin McDonald
 Karen Hindmarch