

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

ITEM 9

Title: Strategic Audit Plan
2015/16 Interim
Monitoring Statement

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 provide the Audit Committee with an interim (half yearly) monitoring statement in respect of the Strategic Audit Plan for 2015/16 (this document is attached as **Appendix A**).

1.2 Recommendation(s):

It is recommended that the Audit Committee considers and notes the progress set out in the Strategic Audit Plan Interim Monitoring Statement, attached as **Appendix A**, and the level of planned coverage achieved by Internal Audit 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

Strategic Audit Plan 2015/16 Interim Monitoring Statement

- 1.4.1 The Strategic Audit Plan 2015/16 was presented to, and approved by, the Audit Committee at its meeting on 25 March 2015. 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) in the medium term.
- 1.4.2 The Strategic Audit Plan is supplemented with a detailed Annual Audit Plan, which sets out the key objectives for the audit reviews identified to take place during 2015/16.

- 1.4.3 An Interim Monitoring Statement, outlining progress against the Audit Plan for 2015/16, is attached as **Appendix A**. 100% of the planned productive days expected to be delivered in this period have been delivered, but some of this resource has had to be diverted to emerging risk areas brought to Internal Audit's attention. The Interim Monitoring Statement shows that 74% of profiled audit work is now complete or significantly underway at this stage in the year, which is therefore lower than previous reports to the Audit Committee. This has been caused by a higher than normal volume of additional assurance work, requests for support from Northumbria Police, and responding to the Authority's statutory requirements in relation to the National Fraud Initiative. 6 audits originally planned to be performed in the first half of the year have been re-allocated to later in the year; and 5 audits originally planned for the second half of 2015/16 will instead be included as first call on audit resource in 2016/17. This adjustment is a normal part of Internal Audit's planning and performance management processes, and ensures that finite audit resources are directed to areas of maximum benefit to the Authority.
- 1.4.4 In 2012, North Tyneside Council entered into a shared service arrangement, jointly with Northumberland County Council, for the provision of Internal Audit and Risk Management services. North Tyneside is the host authority, leading the delivery of assurance services across both Councils. The impact on internal audit resourcing and audit coverage is carefully monitored, to ensure that the assurance resource requirements of both Authorities can continue to be sufficiently met.
- 1.4.5 The Annual Audit Plan for 2015/16 will continue to be kept under review, and progress reported to the Audit Committee in March 2016 along with the Strategic Audit Plan for 2016/17. A full outturn on the 2015/16 Annual Audit Plan will be reported to the Audit Committee in May 2016. Regular quarterly monitoring and adjustment of the Plan is performed as a matter of course within the Internal Audit team.

1.5 **Decision Options:**

It is recommended that the Audit Committee notes the level of coverage set out in the Strategic Audit Plan Interim Monitoring Statement, attached as **Appendix A**.

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: Strategic Audit Plan 2015/16 Interim Monitoring Statement

1.8 **Contact officers:**

Kevin McDonald (Group Assurance Manager) Tel: 643 5738
Steven Close (Senior Auditor) Tel: 643 5734

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.download?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 Plan 2015/16, March 2015 (P) 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. The Public Sector Internal Audit Standards and related Local Government Application Note require that the Chief Internal Auditor should report periodically to senior management and the board on Internal Audit matters, including “performance relating to its plan”.

2.3 Consultation/community engagement

The Strategic Audit Plan 2015/16 was prepared following consultation with: the Chief Executive; Deputy Chief Executive; Director of Public Health; Heads of Service; Elected Mayor; Cabinet Member for Finance and Resources; Cabinet Members; Audit Committee Members, and agreed with the Chief Executive (Chief Finance Officer).

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. The Strategic Audit Plan has been prepared following the assessment of risks facing the organisation, and those inherent in the areas proposed for review.

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 author Allison Mitchell
 Kevin McDonald
 Steven Close