

# North Tyneside Council Report to Audit Committee Date: 25 May 2016

## ITEM 5

Title: Strategic Audit Plan  
2015/16 - Final Monitoring  
Statement

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Report from Service Area: Commissioning and Investment

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

Wards affected: All

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### PART 1

#### 1.1 Purpose:

The purpose of this report is to provide the Audit Committee with a final monitoring statement in respect of the Strategic Audit Plan for 2015/16 (this document is attached as **Appendix A**).

#### 1.2 Recommendation:

It is recommended that the Audit Committee considers and notes the information set out in the Strategic Audit Plan Final Monitoring Statement, attached as **Appendix A**.

#### 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: Final Monitoring Statement

- 1.4.1 The Strategic Audit Plan for 2015/16 was presented to and approved by the Audit Committee at its meeting in March 2015. The Strategic Audit Plan helps to ensure that Internal Audit is able to meet its aims as an independent assurance function for the Authority and sets out Internal Audit's objectives 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. An interim monitoring statement was presented to the Audit Committee in November 2015 and it was agreed that a final outturn statement would be presented to the Audit Committee in May 2016, demonstrating performance against the Plan.

- 1.4.3 The Final Monitoring Statement, outlining achievement against the Audit Plan for 2015/16, is attached as **Appendix A**. 96.13% of the planned productive days expected to be delivered in the period have been delivered. This reflects additional development time required within the team to implement new ways of working (including the implementation of the Electronic Document and Records Management System (EDRMS) and Google, and systems development for the shared Internal Audit team.
- 1.4.4 The Final Monitoring Statement shows that 62% of audit assignments programmed during 2015/16 are complete or significantly underway. The reasons for variations to the planned schedule of work are:
- time being required on contingencies and ad hoc management requests, at one or other of our partner Councils;
  - requests for support from Northumbria Police; responding to the Authority's statutory requirements in relation to the National Fraud Initiative;
  - the complexity of some of the areas under examination, which has taken additional time to audit (additional emphasis will be given in 2016/17 on delivery of assignments within agreed tolerances); and
  - additional time spent in a project assurance role. Although time spent on this area of our work reduces the number of audit days available for planned assignments, assurance is obtained that effective controls are incorporated into new major systems from the outset, thus minimising the risk of weaknesses in systems and strengthening the control environment. For example, Internal Audit has supported the Banking Services Contract, the working group on the Electronic Document and Records Management System (EDRMS), Robotic Process Automation, and the Authority's 'cashless' projects.
- 1.4.5 19 audits originally planned to be performed during 2015/16 have been re-allocated to the 2016/17 Strategic Audit Plan. 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.
- 1.4.6 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.

## 1.5 Decision Options:

It is recommended that the Audit Committee notes the information set out in the Strategic Audit Plan Final 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: Final 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 and Accountancy / Institute of Internal Auditors, April 2016 (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](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](http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=533726)
- (e) Strategic Audit Plan 2014/15, March 2014 (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=551881) [http://www.northtyneside.gov.uk/pls/portal/NTC\\_PSCM.PSCM\\_Web.do](http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=551881)
- (f) Internal Audit Reports & Briefing Notes prepared during 2014/15 (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](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; Deputy 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.

### **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