

Internal Audit Service

Strategic Audit Plan 2018/19: Final Monitoring Statement

May 2019



Annual Audit Plan 2018/19 - Outturn

Advice & Programme Assurance

Heading	Auditable Area	Description / Audit Objectives	Outturn
Advice, Contingencies & Assurance	<ul style="list-style-type: none"> • Advice & Guidance • Contingencies & Work Requests • Fraud & Special Investigations 	Responding to ad-hoc queries and requests for advice; responding to requests for one-off audit assignments, where it is considered that audit involvement is necessary; responding to allegations of fraud (<i>see also proactive anti-fraud work in counter fraud & internal control and probity section below</i>); project assurance and assuring appropriate consideration has been given to internal control & governance issues when new systems are introduced.	Complete – continues into 2019/20.
Programme Assurance	<ul style="list-style-type: none"> • New Systems / Methods of Service Delivery 	Internal Audit will add value by providing assurance on aspects of the approach and work undertaken, and assessing the robustness of arrangements for benefits realisation. The systems, programmes and new initiatives to be supported will include providing assurance to the Senior Leadership Team on the Creating a Brighter Future programme.	Complete – continues into 2019/20. Project Boards / Working Groups supported by Internal Audit include: <ul style="list-style-type: none"> • Construction Group Insourcing • Information Security Working Group • Office 365 & SharePoint (collaborative tooling solution) • Social Care IT Transformation (SCITT) Board

Audit and Assurance – Corporate and Cross Cutting

Heading	Auditable Area	Description / Audit Objectives	Progress Update
Corporate and Cross Cutting	<ul style="list-style-type: none"> • Pre-Submission Review of Grant Claims 	<p>To undertake grant claim certification in respect of external funding regimes on behalf of the Council, to ensure that grant funding requirements have been met and grant claims are submitted in accordance with grant conditions, to maximise available grant income.</p>	<p>Complete. During 2018/19 grant claim certifications totalled £6.263m and included:</p> <ul style="list-style-type: none"> • Troubled Families (£0.308m) • Carbon Reduction Commitment Energy Efficiency Scheme (£0.249m) • Local Transport Plan (£3.66m) • Disabled Facilities Grant (£0.129m) • Cobalt Cycle Scheme (£0.084m) • Growth Hub Funding for NECA / LEP (£0.416m) • NTC SCITT Grant (£0.022m) • A191 Corridor Local Growth Fund (£1.395m)
	<ul style="list-style-type: none"> • Annual Opinion 	<p>An annual opinion on the ‘adequacy and effectiveness of the framework of governance, risk management and control’ will be drafted and presented to the Chief Executive, Head of Resources (Section 151 Officer), Senior Leadership Team and Audit Committee, outlining the audit work performed during the year and summarising key themes. This will be timed to support production of the Council’s Annual Governance Statement.</p>	<p>Complete – Report to Audit Committee May 2019.</p>
	<ul style="list-style-type: none"> • Follow up on Recommendations 	<p>Monitoring the implementation of Internal Audit recommendations, in consultation with the service areas which have received these recommendations. During the year, Internal Audit will review the process benefitting from shared learning within the Internal Audit and Risk Management Service and against best practice to ensure recommendations are followed up and reported upon to Audit Committee in a timely, efficient and effective manner.</p>	<p>Complete – continues into 2019/20. A dedicated review will be undertaken during 2019/20 regarding the process of following up recommendations. This work will be undertaken as part of the audit service Quality Assurance and Improvement Programme.</p>

Audit and Assurance – Corporate and Cross Cutting

Heading	Auditable Area	Description / Audit Objectives	Outturn
Corporate and Cross Cutting	<ul style="list-style-type: none"> • Governance and value for Money Reviews 	<p>To review whether appropriate internal controls exist within a sample of significant business arrangements within North Tyneside Council. Where it is possible to assess the economy, efficiency and effectiveness of specific aspects of these arrangements, this will also be undertaken. Areas to be reviewed under this heading in 2018/19 include:</p> <ul style="list-style-type: none"> • Ethical Governance (including controls regarding declarations of interest, and acceptance of offers of gifts and hospitality by both officers and elected members) • Construction Partner in-sourcing • Corporate Health and Safety • Direct Payments (and financial aspects of care provision) • Risk Management arrangements • Treasury Management arrangements • Section 106 / Section 278 Arrangements • Use of Waivers in procurement • Exploring the use of technology-based audit techniques (for example, in income maximisation) 	<p>Prior Year Work Completed: Business Continuity Management (Significant Assurance – 2 medium & 10 low priority recommendations).</p> <p>Underway</p> <p>Complete (project assurance role) Underway Review of Deprivation of Liberty processes underway Deferred to 2019/20 Deferred to 2019/20 Deferred to 2019/20 Audit coverage in these areas will be included within other work to be included within the Internal Audit Plan.</p>

Audit and Assurance – Service Area Specific

Heading	Auditable Area	Description / Audit Objectives	Outturn
Children, Young People and Learning	<ul style="list-style-type: none"> • Primary & First Schools, Middle Schools and Secondary Schools • Schools' Financial Value Standard (SFVS) 	<p>To assess, on a thematic basis, the application of controls associated with the discharge of responsibilities relating to delegated school budgets, within a sample of schools on a risk assessed basis.</p> <p>On behalf of the Head of Resources (Section 151 Officer), Internal Audit will co-ordinate Schools' Financial Value Standard submissions, for all of the Council's grant-maintained schools, and provide assurance to the Section 151 Officer relating to her annual report to the Department for Education.</p>	<p>Deferred to 2019/20</p> <p>Complete – Work undertaken by Internal Audit ensured that all schools were able to submit their assessments by the statutory deadline of 31 March 2019. Annual return was submitted to Department for Education by the required deadline.</p>
Tyne Port Health Authority	<ul style="list-style-type: none"> • Tyne Port Health Authority 	<p>On behalf of North Tyneside Council, as the Accountable Body for the administration of Tyne Port Health Authority, to undertake the internal audit requirements associated with the annual Small Bodies Return for this entity. This will involve acting independently and on the basis of an assessment of risk, performing a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2018. To determine an appropriate level of internal audit coverage in accordance with the body's needs, and on the basis of findings in the areas examined to summarise conclusions and report these in an appropriate form to the body.</p>	<p>Complete.</p>

Audit and Assurance – ICT

Heading	Auditable Area	Description / Audit Objectives	Outturn
ICT	<ul style="list-style-type: none"> System Reviews 	<p>To determine whether the systems and procedures in operation are functioning satisfactorily and are in accordance with legislation and council policy. In particular, to determine whether:</p> <ul style="list-style-type: none"> The systems comply with good practice and all legal, statutory and regulatory body requirements, and meet business need; All transactions are completely and accurately recorded and traceable; Access to information and facilities is controlled and restricted to authorised users according to their needs; The potential for fraud and error are minimised; The systems are effectively administered and supported; All staff using the systems have been correctly trained to the level that will allow them to properly fulfil their duties; The systems are continually available during working hours; The systems provide complete and accurate management information; and Upgrades to the systems are properly resourced and managed to meet clearly stated and agreed business objectives. <p>For 2018/19, specific ICT audit coverage will be prioritised in the following areas:</p> <ul style="list-style-type: none"> Telephony (mobile and landline) Payment Card Industry Data Security Standards (PCIDSS) Compliance Network Management Debtors (Ash) System Review Office 365 & SharePoint Liquid Logic System Review Implementation of General Data Protection Regulation 	<p>Work Completed:</p> <ul style="list-style-type: none"> Telephony (Limited Assurance – 4 medium & 25 low priority recommendations). PCI DSS (Limited Assurance – 4 medium and 4 low priority recommendations). Debtors (Ash) System (Limited Assurance – 4 medium and 9 low priority recommendations). Liquid Logic System - completed in addition to review of ContrOCC System. (Limited Assurance – 13 medium and 18 low priority recommendations). <p>Underway:</p> <ul style="list-style-type: none"> Network Management Implementation of General Data Protection Regulation <p>Deferred to 2019/20:</p> <ul style="list-style-type: none"> Office 365 & SharePoint. Not yet implemented and our programme assurance work in this area has therefore continued during 2018/19.

Audit and Assurance – ICT

Heading	Auditable Area	Description / Audit Objectives	Outturn
ICT	<ul style="list-style-type: none">• Public Service Network (PSN) Compliance	To undertake the annual independent review of the Authority's compliance with the Public Service Network Code of Connection, to support the Authority's submission to the Public Services Network Authority for accreditation.	The Authority was accredited with PSN Compliance in July 2018 and therefore no further Internal Audit assurance is required until 2019/20.

Counter Fraud and Internal Control & Probity

Heading	Auditable Area	Description / Audit Objectives	Outturn
Counter Fraud	<ul style="list-style-type: none">• Pro-active anti-fraud work	To undertake pro-active anti-fraud and corruption work (including participation in the Cabinet Office's National Fraud Initiative and performing internal data matching exercises); and to raise the awareness of counter fraud and corruption measures across the organisation.	Complete – continues into 2019/20.

Counter Fraud and Internal Control & Probity

Heading	Auditable Area	Description / Audit Objectives	Outturn
Internal Control & Probity	<ul style="list-style-type: none"> • Core Financial Systems: - Business Rates; - Council Tax; - Payroll; - Creditor Payments; - Cash and Bank; - Debt and Income Management; - Housing Rent Assessment & Collection; Housing & Council Tax Benefit 	<p>The core financial systems encompass the main ways in which the Authority either pays money out (Creditor Payments, Payroll, Housing & Council Tax Benefit) or receives monies in (Business Rates, Council Tax, Debt and Income Management, Rent Assessment and Collection). Each of these areas will be given some audit coverage in each financial year, but on a cyclical basis a more detailed review will be undertaken on one income system and one expenditure system each year.</p> <p>For 2018/19, those systems prioritised for an in-depth review are:</p> <ul style="list-style-type: none"> • Creditor Payments (including Accounts Payable, Purchase Card transactions, other payment means e.g. CHAPS, and Petty Cash) • Debt and Income Management (including whether agreed pricing schedules are in existence, whether pre-payment methods of income collection are optimised, whether debts are invoiced promptly, write off and recovery procedures are appropriate and sufficient to deter debts from becoming 'bad'). 	<p>The following 2017/18 work was completed during the year:</p> <ul style="list-style-type: none"> • Council Tax (Significant Assurance – 2 medium and 1 low priority recommendations). • Creditors (Significant Assurance – 2 medium priority recommendations) • Cash & Bank (Significant Assurance – 1 low priority recommendation) • Payroll (Significant Assurance – 9 low priority recommendations). • Rent Assessment & Collection (Full Assurance – no recommendations). <p>2018/19 work is at the following stages of completion:</p> <ul style="list-style-type: none"> • Business Rates – underway • Council Tax – complete (Significant Assurance – 2 low priority recommendations) • Payroll – underway • Creditors – underway • Cash & Bank – being undertaken during quarter 1 2019/20 • Debt & Income Management – underway • Rent Assessment & Collection – complete • Benefits – being undertaken during quarter 1 2019/20