

North Tyneside Council Report to Audit Committee Date: 29 July 2020

ITEM 11
Title: Strategic Audit Plan
2019/20 - Final Monitoring
Statement

Report from Service Area: Resources

Report Author: Kevin McDonald, Acting Chief Internal Auditor (Tel: 643 5738)

Wards affected: All

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 2019/20 (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 2019/20: Final Monitoring Statement

1.4.1 The Strategic Audit Plan for 2019/20 was presented to and approved by the Audit Committee at its meeting in March 2019. 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 (based on an assessment of risks and opportunities for the organisation).

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 2019/20. An interim monitoring statement was presented to the Audit Committee in November 2019 and it was agreed that a final outturn statement would be presented to the Audit Committee in May 2020 (subsequently rescheduled to July 2020 as May's meeting was cancelled), demonstrating performance against the Plan. A final monitoring statement, outlining progress against the Audit Plan for 2019/20, is attached as **Appendix A**. It takes each audit review area and associated key objectives, as agreed by Audit Committee, and notes the progress achieved.

- 1.4.3 During 2019/20, 39 audit assignments were programmed. One assignment, a grant certification, was not required during the year. 30 assignments (77%) were either complete or underway. Those audits not yet commenced have been risk assessed as part of Internal Audit's continuing rolling programme and have been included in the Strategic Audit Plan during 2020/21.
- 1.4.4 This variation in the original planned coverage has occurred for several reasons including a vacancy at Senior Auditor level, for which recruitment took much longer than anticipated, and a long-term sickness absence. These two items reduced resource by approximately 1.4 full time equivalent employees over our forecast in the Resource Plan. In addition, ten assignments have been undertaken following request by management, which were not included in the 2019/20 Plan. A successful recruitment to the Senior Auditor post has now taken place and the long-term sickness absence has ended.
- 1.4.5 We have also undertaken a range of ad-hoc requests / special investigations where required, in addition to supporting working groups in a programme assurance capacity. This is included in the 2019/20 Annual Opinion on the Framework of Governance, Risk Management and Control.

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 2019/20: Final Monitoring Statement

1.8 Contact officers:

Marc Oldham (Senior Auditor) Tel: 643 5711

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, April 2017 (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, February 2019 (P)
- (c) Financial Regulations C.24 – C.35, Version 5a, September 2013 (P) [Financial Regulations](#)
- (d) Internal Audit Charter, November 2017 (P)

- (e) Strategic Audit Plan 2019/20, March 2019 (P) [Strategic Audit Plan 2019/20](#)
- (f) Strategic Audit Plan 2018/19, March 2018 (P) [Strategic Audit Plan 2018/19](#)
- (g) Internal Audit Reports & Briefing Notes prepared during 2019/20 (C)
- (h) Corporate Strategic, Service Strategic and Operational Risk Registers (C)
- (i) The Accounts and Audit Regulations 2015, April 2015 (P)
[Accounts and Audit Regulations 2015](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

Effective internal audit is an essential part of the Authority's governance arrangements. Internal Audit examines the Authority's systems of internal control, and the economy, efficiency and effectiveness with which resources are deployed. The audit of the Authority's activities promotes good financial and non-financial governance and the importance of value for money. Effective control in these areas reduces the potential for financial loss through fraud, waste and inefficiency.

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 2019/20 was prepared following consultation with: the Chief Executive; Head of Resources (Chief Finance Officer) and all Heads of Service before presentation to the Board (Audit Committee) for approval.

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 Kevin McDonald
 Marc Oldham