

Internal Audit Service

Strategic Audit Plan 2017/18: Final Monitoring Statement

May 2018



4 Annual Audit Plan 2017/18 - 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 2018/19. |
| Programme Assurance | <ul style="list-style-type: none"> • Change programme • 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 and implementation of the Authority's Target Operating Model. | Complete – continues into 2018/19. |

Audit and Assurance – Corporate and Cross Cutting

| Heading | Auditable Area | Description / Audit Objectives | Outturn |
|-----------------------------|---|---|--|
| Corporate and Cross Cutting | <ul style="list-style-type: none"> <li data-bbox="387 300 723 408">• Pre Submission Review of Grant Claims <li data-bbox="387 836 723 868">• Annual Opinion <li data-bbox="387 1120 723 1187">• Follow up on Recommendations | <p data-bbox="745 300 1693 478">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 data-bbox="745 836 1693 1085">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 Finance (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 data-bbox="745 1120 1693 1372">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 data-bbox="1727 300 2112 820">Complete.</p> <ul style="list-style-type: none"> <li data-bbox="1738 338 2040 437">• Troubled Families (quarterly claim certification ongoing) <li data-bbox="1738 443 2040 542">• Carbon Reduction Commitment Energy Efficiency Scheme <li data-bbox="1738 549 2040 612">• Local Transport Plan (£1.026m) <li data-bbox="1738 619 2040 683">• LGF Swans Wet Berth Scheme (£0.163m) <li data-bbox="1738 689 2040 753">• LGF North Bank Corridor Scheme (£0.175m) <li data-bbox="1738 759 2112 820">• Growth Hub Funding – for NECA / LEP (£0.422m) <p data-bbox="1727 836 2112 938">Complete – Report to Audit Committee May 2018.</p> <p data-bbox="1727 1120 2112 1184">Complete – continues into 2018/19.</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 Reviews | <p>To review the Authority’s approach to governance over collaborative working / commissioning of services with partner organisations. The areas to be covered will be developed during the year but will include:</p> <ul style="list-style-type: none"> • Evaluation of controls; • Consistency of approach (taking into account factors such as proportionality and appropriateness); and • Relevance / meeting strategic (and operational) objectives. | <p>Information Governance assignment from 2016/17 complete.</p> <p>Planned reviews reprogrammed and included in the Audit Plan for 2018/19:</p> <ul style="list-style-type: none"> • Treasury Management; • Deprivation of Liberty processes; and • Direct Payments. |

Audit and Assurance – Corporate and Cross Cutting

| Heading | Auditable Area | Description / Audit Objectives | Outturn |
|-----------------------------|---|--|---|
| Corporate and Cross Cutting | <ul style="list-style-type: none"> Value for Money Reviews | To undertake specific value for money reviews on a range of topics of relevance to the organisation. | <p>IT ‘state of the nation’ complete.</p> <p>A further 6 potential areas were initially identified:</p> <ul style="list-style-type: none"> ‘Robotics’ TOM – Commercialism TOM – Fees & Charges Self-service Property portfolio Procurement <p>Following mid-year assurance mapping, assurance was provided in respect of some key areas via alternative means (i.e. Property Portfolio and Procurement). Internal Audit’s planned coverage therefore changed to provide support to the working groups already established.</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"> Health & Safety Business Continuity Management | <p>Further to assurance work previously undertaken, to review the effectiveness of the Council's Health and Safety procedures, to provide assurance as to compliance with health and safety legislation.</p> <p>To assess cultural awareness of health and safety issues throughout the Council, determining the extent to which health and safety is considered and prioritised within service areas, and arrangements within each service for the management of health and safety risks.</p> <p>To review the arrangements in place for business continuity management across the authority and its major strategic partners; and to assess the ability to maintain continuity in the event that a business disruption was to occur.</p> | <p>Reprogrammed. This assignment has been included in the Audit Plan for 2018/19.</p> <p>Complete.</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 | <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. The areas to be prioritised for thematic review will be identified on a risk assessed basis, in conjunction with the Deputy Chief Executive, Chief Finance Officer and Head of Health, Education, Care and Safeguarding.</p> | <p>Thematic ICT review complete.</p> <p>Review of Schools' website compliance with Department for Education - complete.</p> |

Audit and Assurance – Service Area Specific

| Heading | Auditable Area | Description / Audit Objectives | Outturn |
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| Children, Young People and Learning | <ul style="list-style-type: none"> Schools' Financial Value Standard (SFVS) | <p>On behalf of the Head of Finance (Section 151 Officer), Internal Audit will co-ordinate, receive, review and constructively challenge 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 (DfE).</p> | <p>Annual report prepared for DfE deadline of 31 May 2017 – complete.</p> <p>Work in respect of 31 May 2018 DfE deadline – also complete.</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 2016. 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>2 assignments from 2016/17 complete:</p> <ul style="list-style-type: none"> Access Approvals Hardware & Software Management <p>6 ICT Reviews were included in the Audit Plan for 2017/18. 2 reviews are underway (Telephony and PCIDSS Compliance). In respect of the implementation of three systems (Debtors system, Office 365 & Liquidlogic), continued programme assurance work was completed, rather than planned post implementation reviews, reflecting the changing risks associated with such systems. In respect of the final planned system review (Fleet Management system), risks have been re-evaluated as low and hence this will be included in a future year's plan.</p> |

Audit and Assurance - ICT

| Heading | Auditable Area | Description / Audit Objectives | Outturn |
|---------|---|---|--|
| ICT | <ul style="list-style-type: none"> Public Service Network (PSN) Compliance Network Management | <p>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.</p> <p>To determine whether:</p> <ul style="list-style-type: none"> The authority has established organisational and operational policies and standards that address the selection, acquisition and installation of networks and related peripherals; Established controls and procedures that will ensure network hardware and software contribute to the effective operation of the networks are in place; Procedures incorporate adequate controls to ensure the resilience of the network; and Appropriate contingency arrangements are developed and tested, to ensure the continuous availability of network functionality. | <p>Complete.</p> <p>Reprogrammed. This assignment has been included in the Audit Plan for 2018/19.</p> |

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 | <p>To undertake pro-active anti-fraud and corruption work (including participation in the Audit Commission's National Fraud Initiative and performing internal data matching exercises); and to raise the awareness of counter fraud and corruption measures across the organisation.</p> | <p>Complete – continues into 2018/19.</p> |

Counter Fraud and Internal Control & Probity

| Heading | Auditable Area | Description / Audit Objectives | Outturn |
|----------------------------|---|--|--|
| Internal Control & Probity | <ul style="list-style-type: none"> • Key Financial Systems: <ul style="list-style-type: none"> - Payroll; - Creditors & Procurement; - Debt & Non Cash Income; - Cash & Non Credit Income; - Benefits (Local Council Tax Support Scheme; Housing Benefits); - Council Tax; - Business Rates; - Housing Rent Assessment & Collection | <p>The audit priorities and objectives are determined taking a risk-based approach and advantage of the opportunities presented in operating in a shared working arrangement. The audits to be undertaken will be a blend of assignments with objectives primarily relating to issues of system compliance and those with objectives primarily aimed at driving improvement in economy, efficiency and effectiveness for the organisation:</p> <ul style="list-style-type: none"> (i) evaluating the controls within a system designed to prevent and / or detect fraud, irregularity or error, and to ensure that transactions are processed in accordance with Council policy, Financial Regulations, legislation and the requirements of external bodies such as HM Revenues and Customs; in addition to (ii) reviewing a range of systems' intelligence to assess how well a system is achieving its objectives and overall desired outcomes, safeguarding the interests of the Authority and achieving value for money. | <p>Payroll, Creditors & Procurement, Council Tax and Rent Assessment & Collection all complete and issued in draft.</p> <p>Benefits (Local Council Tax Support Scheme; Housing Benefits) issued February 2018, covering 2016/17 and 2017/18 – complete.</p> <p>Debt & Non Cash Income, Cash & Non Credit Income and Business Rates are currently underway – estimated completion Quarter 1 2018/19.</p> |