AUDIT COMMITTEE

DATE: 29 MARCH 2017

STRATEGIC AUDIT PLAN 2017/18
Report of the Chief Executive

Purpose of report
The purpose of this report is to advise the Audit Committee of the Strategic Audit Plan for 2017/18. This document outlines the planned work of Internal Audit during this period and is attached as Appendix 1.

Recommendations
It is recommended that the Audit Committee approves the Strategic Audit Plan 2017/18, attached as Appendix 1, and the Internal Audit coverage set out therein.

Link to Corporate Plan
The work of Internal Audit contributes to the achievement of the Council’s Corporate Plan 2013-2017. In particular our work will support the Council in its “aim to grow a unified Council where all staff and elected members understand their role and are collectively motivated to deliver excellent services as effectively and efficiently as possible within our limited resources”.

Key issues
The Strategic Audit Plan for 2017/18, which sets out in detail the planned Internal Audit coverage for the coming year, is attached to this report as Appendix 1. The Strategic Audit Plan helps to ensure that internal auditing can fulfil its prescribed definition as “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.

Progress against the Strategic Audit Plan will be reported to the Audit Committee.

1Public Sector Internal Audit Standards, CIPFA/IIA, 2013, revised 2016
throughout the year, along with any proposed revisions and key outcomes from work. A final outturn report and the Chief Internal Auditor’s annual opinion on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control will be reported to the Audit Committee as soon as possible following the year end.

**Background**

The Internal Audit team has a key role in helping the Council towards achievement of its objectives by exploring areas of potential efficiency and matters of probity and internal control. Preparation of a Strategic Audit Plan ensures that Internal Audit resources are deployed in areas that will provide optimum benefit and value to the Council. The plan will be kept under review to take into account changes in governance arrangements and the control environment that occur during the year.

Internal Audit’s ‘Preparation of the Strategic Audit Plan – 2017/18’ report presented to the Audit Committee in January 2017 set out Internal Audit’s approach to preparing the 2017/18 Strategic Audit Plan. The approach has been designed to ensure that:

- Legislative responsibilities, professional standards and the Council’s Finance and Contract Rules are fully complied with;
- Internal Audit is independent in its planning and operation and has an unrestricted range of coverage of the Council’s activities; and
- Resources are targeted at areas in which audit coverage will produce greatest benefit.

The Plan is based on an assessment of the Council’s objectives, risks facing the organisation, strengths and weaknesses in the internal control system and consultation with senior management and elected members.

In 2012, the Council entered into a shared service arrangement with North Tyneside Council for the provision of Internal Audit and Risk Management services. The shared arrangements are proving favourable as each Council is benefitting from having a wider portfolio of specialist skills to draw upon. This Strategic Audit Plan continues to increase the benefits of the shared service by optimising the leverage of shared learning between the two partner authorities. Each Council retains a statutory responsibility to maintain “an adequate and effective internal audit” and the Strategic Audit Plan attached as Appendix 1 has been prepared in accordance with this requirement.

**Implications**

<table>
<thead>
<tr>
<th>Policy</th>
<th>Effective internal audit is an essential part of the County Council’s governance arrangements. 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 Council’s systems of internal control, and the economy, efficiency and effectiveness with which resources are deployed. Based on an assessment of risk the Strategic Audit Plan sets out the planned areas in which this coverage will be focussed.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance and value for</td>
<td>The audit of the Council’s activities, as set out in the Strategic Audit Plan, promotes good financial governance and the</td>
</tr>
</tbody>
</table>
importance of value for money. Effective control in these areas reduces the potential for financial loss through fraud, waste and inefficiencies.

Legal

The Accounts and Audit (England) Regulations 2015 require the Council 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. The Public Sector Internal Audit Standards establishes the professional standards Internal Audit must apply when planning the use of its resources.

Procurement

None

Human Resources

A robust Strategic Audit Plan provides clarity for officers within the Internal Audit Service on the key outcomes which each audit assignment is intended to deliver.

Property

None

Equalities

None

Risk Assessment

The Strategic Audit Plan is prepared using a risk-based approach, thus ensuring that coverage is focussed on those areas of Council activity where Internal Audit resource will deliver most benefit and assist most effectively in the management of risk.

Crime & Disorder

Section 17 of the Crime and Disorder Act 1998 has been considered, and no implications have been identified. The Strategic Audit Plan includes planned coverage on counter fraud assurance work.

Customer Consideration

The Strategic Audit Plan is prepared following consultation with customers of our Service including the Council’s Corporate Leadership Team and Members of the Audit Committee.

Carbon reduction

None

Wards

All

Consultation

The Strategic Audit Plan 2017/18 has been prepared following consultation with the Council’s Corporate Leadership Team and Members of the Audit Committee.
Background papers:

- Public Sector Internal Audit Standards (PSIAS), Chartered Institute of Public Finance and Accountancy, April 2013, revised March 2016;
- Local Government Application Note for the UK Public Sector Internal Audit Standards, Chartered Institute of Public Finance & Accountancy / Institute of Internal Auditors, April 2013;
- The Accounts and Audit (England) Regulations 2015, April 2015;
- NCC Constitution, December 2013;
- NCC Finance and Contract Rules, December 2011; and

Report sign off.

<table>
<thead>
<tr>
<th>Position</th>
<th>Sign Off</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance Officer</td>
<td>N/A</td>
</tr>
<tr>
<td>Monitoring Officer/Legal</td>
<td>N/A</td>
</tr>
<tr>
<td>Human Resources</td>
<td>N/A</td>
</tr>
<tr>
<td>Procurement</td>
<td>N/A</td>
</tr>
<tr>
<td>I.T.</td>
<td>N/A</td>
</tr>
<tr>
<td>Chief Executive</td>
<td>SM</td>
</tr>
<tr>
<td>Portfolio Holder(s)</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Author and Contact Details

Allison Mitchell, Chief Internal Auditor
0191 643 5720
Allison.Mitchell@northtyneside.gov.uk

Barbara McKie, Group Assurance Manager
01670 623884 / 0191 643 5750
Barbara.McKie@northumberland.gov.uk

Tony Candlish, Senior Auditor
01670 623929 / 0191 643 5752
Tony.Candlish@northumberland.gov.uk