

NORTH LINCOLNSHIRE COUNCIL

AUDIT COMMITTEE

INTERNAL AUDIT PROGRESS REPORT

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To inform Audit Committee of outcomes from the annual programme of internal audit and highlight key issues identified.
- 1.2 The Internal Audit Service delivers an annual programme of audit work designed to raise standards of governance, risk management and internal control across the council.
- 1.3 Outcomes from the internal audit programme will be used in the Internal Audit Annual Report which informs the Council's Annual Governance Statement.

2. BACKGROUND INFORMATION

2016/17 Audit Plan Progress

- 2.1 The Internal Audit Plan 2016/17 was approved by the Audit Committee on 12 April 2016; completion of the Plan is monitored and reported regularly to this Committee. An effective Internal Audit service contributes to the achievement of strategic objectives by assessing, providing comment and where relevant recommending improvement to, the council's assurance and control frameworks. The latest position is provided in appendix A.
- 2.2 The plan was revised in February to ensure that resources were concentrated on key areas. Three audits have been deferred to 2017/18 at the request of the relevant service manager, due to operational reasons within the service areas. Following on assessment of resources, four audits, as shown in appendix A, will not be completed as part of the 2016/17 plan. None of these are critical to the year-end audit opinion on the overall control environment. These audits will be risk assessed along with other audit areas for inclusion in the 2017/18 audit plan. Other audits are still in progress and will be completed by the end of May to feed into the Head of Audit's annual report. There will be a sufficient level of completed planned work to provide an opinion on the adequacy of the control environment.

2017/18 Audit Plan

- 2.3 The 2017/18 audit plan has been developed on a risk based approach and the draft is presented elsewhere on this agenda for Members to consider.

Significant Audit Findings

- 2.4 There are no fundamental control weaknesses to bring to the Committee's attention. Appendix B shows 2016/17 completed audits where an audit opinion on the control environment was provided. An audit opinion of limited assurance was given in respect of a supplementary audit to the planned work on Community Meals; this covered the interface between Catering and Adult Services. Improvements to controls have been agreed with service managers and progress will be assessed in the future. Two follow up audits have been completed and the assurance level improved from Limited to Satisfactory.

Advisory and support work

- 2.5 Other areas of work and support which Internal Audit have committed time to during the period, in addition to the delivery of the audit plan, include:
- representation on the IT Security and Incident Group, including the provision of advice in relation to data breaches;
 - providing advice and support on the development of council wide assurance mapping
 - requests for advice from services relating to the control environment in their specific area e.g. schools.

Risk Management

- 2.6 During the period significant work has been carried out in relation to risk management as part of the Audit & Assurance Shared Service with North East Lincolnshire. This work has included:
- reviewing the Council's Risk Management strategy- to inform a Risk Management Policy
 - reviewing the approach to defining the council's risk appetite
 - beginning the process for introducing common risk management software across both councils with an expectation of implementation by June 2017

Other planned activities in March to June 2017 in relation to risk include the following:

- reviewing the council's Strategic Risks;
- working with the Insurance team to identify areas where risk management can effectively be used to reduce claims against the council; and
- using risk management approaches to identify those areas at greater risk of fraud and therefore prioritise areas for anti-fraud activity; and
- the development of risk management eLearning packages.

Issue 26 of the Risk Roundup newsletter (appendix C) has recently been published and includes important articles on significant risk topics such as data breaches, health and safety breach within East Riding of Yorkshire Council and illegal tattooists.

3. OPTIONS FOR CONSIDERATION

- 3.1 The Committee is asked to consider whether or not the report provides sufficient assurance on the adequacy of internal control arrangements. The Committee is invited to consider the report and seek clarification on its contents as necessary.

4. ANALYSIS OF OPTIONS

- 4.1 The progress report provides the Committee with an update on key internal control issues. It complies with professional guidance and is designed to provide the Committee with the assurance required to fulfil its role effectively.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

- 5.1 There are no additional resource implications however regular reviews of internal control help safeguard the council's assets and help ensure that value for money is achieved in the use of resources.

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

- 6.1 An Integrated Impact Assessment is not required.

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

7.1 Consultation takes place with Directors and key staff at all stages of audit work and comments made are incorporated wherever possible.

7.2 There are no conflicts of interests to declare.

8. RECOMMENDATION

8.1 That the Audit Committee consider the level of assurance provided by this report on the adequacy of internal control arrangements.

DIRECTOR OF GOVERNANCE AND PARTNERSHIPS

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Date: 24/03/2017

Background Papers used in the preparation of this report: None