

NORTH LINCOLNSHIRE COUNCIL

AUDIT COMMITTEE

INTERNAL AUDIT UPDATE

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To consider an update provided by the Head of Audit and Assurance in relation to Internal Audit activity up to 30 September 2019.

2. BACKGROUND INFORMATION

- 2.1 Attached is a briefing paper prepared by the Head of Audit and Assurance. The purpose of the paper is to provide Audit Committee Members with an update of Internal Audit activity, in particular:

- providing assurance that sufficient work will be carried out to provide a reliable risk based annual opinion on the effectiveness of the control environment;
- bringing to the Committee's attention any issues identified during the course of the 2019/20 audit which could impact on the annual opinion; and
- providing assurance of internal Audit's compliance with Public Sector Internal Audit Standards (PSIAS).

3. OPTIONS FOR CONSIDERATION

- 3.1 To consider the attached update report in respect of the work of Internal Audit to 30th September 2019 and note its content and the outcomes of the audits undertaken.

4. ANALYSIS OF OPTIONS

- 4.1 There are no options associated with this report.

5. FINANCIAL AND OTHER RESOURCE IMPLICATIONS (e.g. LEGAL, HR, PROPERTY, IT, COMMUNICATIONS etc.)

5.1 There are no direct financial and other resource implications in relation to this report, although they are considered in designing individual audit work programmes.

6. OTHER RELEVANT IMPLICATIONS (e.g. CRIME AND DISORDER, EQUALITIES, COUNCIL PLAN, ENVIRONMENTAL, RISK etc.)

6.1 The Council's strategic outcomes and risk are considered when designing individual audit work programmes. Where applicable, audit reports provide an opinion on the residual risk relating to the areas under audit.

7. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

7.1 Not applicable in relation to this report.

8. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

8.1 The 2019/20 Audit Plan was derived from consultation with senior managers, and was discussed with the Audit Committee in April 2019.

9. RECOMMENDATIONS

9.1 That in its role as the group charged with governance, the Audit Committee should note the contents of the Head of Audit and Assurance update report.

DIRECTOR: GOVERNANCE AND PARTNERSHIPS

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Date: 18 October 2019

Background Papers used in the preparation of this report – Audit Plan 2019/20 (April 2019)

North Lincolnshire Audit Committee 31 October 2018

Internal Audit Update

Introduction

The purpose of the briefing paper is to provide Audit Committee Members with an update of Internal Audit activity, in particular:

- providing assurance that sufficient work will be carried out to provide a reliable risk based annual opinion on the effectiveness of the control environment;
- bringing to the Committee's attention any issues identified during the course of the 2019/20 audit which could impact on the annual opinion; and
- providing assurance of internal Audit's compliance with Public Sector Internal Audit Standards (PSIAS)

Delivery of the audit plan

As at 30 September 2019 406 days had been charged against the 2019/20 audit plan of 1190 days. This is around where the team planned to be at this point in the audit cycle. As at 30 September 2019 the team was a full complement, there had been no instances of long term absence. Additional ICT audit support had been secured and its work programme agreed. We anticipate therefore that sufficient work will be carried out by 31 May 2019 to provide a reliable annual opinion in relation to the Council's control environment, although is dependent on no staff members leaving the team during the period, no long term sickness and audits being completed to anticipated timescales and budgets.

Outcome of audits

As at 30 September 14 audits had been completed in final, including some carried forward from the previous year (see Appendix A attached). A further 6 reports were in draft. A breakdown of completed audits is attached. There have been no issues so far from completed audit work which we anticipate will have an adverse impact on the year-end audit opinion.

In addition the team has certified grant claims in relation to highways and bus subsidies on behalf of the Council and has carried out a range of advisory work.

Quality Assurance

The team has continued to strengthen its quality assurance arrangements. In April and May 2019 the audit manual was reviewed and updated with all team members being involved in the process. It also enhanced its audit supervision arrangements and strengthened its escalation policy with the intention of ensuring that audits are completed to expected timescales.

The audit team have sent out reminders to managers in relation to agreed actions outstanding. It is hoped that this will be reflected in the reported number of agreed actions implemented when follow up audits are issued in final.

Customer satisfaction continues to be high. 100% of respondents felt audits were carried out well, and 93% felt they added value.

Peter Hanmer
Head of Audit and Assurance
October 2019

Appendix A: Completed Audits up to 30 September 2019

Audit Assignment	Director	Assurance	Residual Risk
Governance, Strategic Risks and operational risks			
Car Parking	Director of Operations	Satisfactory	Medium
Domestic Abuse	Director of Children and Community Resilience	Satisfactory	Medium
Role of Director of Public Health	Director of Public Health	Substantial	Low
Security Centre	Director of Operations	Satisfactory	Low
Training	Director of Business Development	Satisfactory	Medium
Financial systems			
Income receipting	Director of Governance and Partnerships	Substantial	Low
ICT			
Network Device Security and Management Controls	Director of Governance and Partnerships	Satisfactory	Low
Procurement			
Review of procurement exercises	In 2019/20 we instigated a programme of reviewing a sample of procurement exercises with the intention that at the year end we will identify any emerging themes in relation to compliance with contract procedure rules. So far we have reviewed the contracts for grounds maintenance and bulky waste collection.		
Construction framework	Director of Operations	Substantial	Low
Follow up			
Critical Assets Fleet	Director of Operations	Satisfactory	Medium

Audit Assignment	Director	Assurance	Residual Risk
Schools			
Castledyke primary	Director of Learning , Skills and Culture	Satisfactory	Low
Bushfield Road Infants	Director of Learning , Skills and Culture	Satisfactory	Low
Wroot Travis Primary	Director of Learning , Skills and Culture	Satisfactory	Low
Probity audits			
Councillors Allowances		Substantial	Low
20:21 Income		Satisfactory	Low
Church Square House Imprest		Satisfactory	Low
Normanby Hall		Substantial	Low
Car Loans for Foster Carers		Satisfactory	Low