

Internal Audit Annual Report 2021/22 (including the Opinion of the Head of Internal Audit and Review of Internal Audit Effectiveness)

Report by: Head of Internal Audit, Newcastle City Council

1 Executive Summary

This report sets out the Internal Audit Annual Report and Opinion of the Head of Internal Audit (Chief Audit Executive), as required by Public Sector Internal Audit Standards.

2 Recommendation

The Authority is recommended to receive and consider the Internal Audit Annual Report including the opinion on Northumberland National Parks Authority's control environment and the effectiveness of the Internal Audit service.

3. What the report is about

3.1 Background to the Opinion of the Chief Audit Executive (Head of Internal Audit)

This report meets the requirements of Public Sector Internal Audit Standards 2013 to produce an annual report, which are as follows:

"The Chief Audit Executive must deliver an annual internal audit opinion and a report that can be used by the organisation to inform its governance statement.

The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report will incorporate

- The opinion
- A summary of the work that supports the opinion
- A statement of conformance with Public Sector Internal Audit Standards (PSIAS) and the results of the quality assurance and improvement programme."

3.2 The Opinion for 2021/22

The Head of Internal Audit's Opinion on the overall adequacy and effectiveness of Northumberland National Parks Authority's governance, risk and control framework during 2021/22 was that there has been an adequate and effective system in place.

This Opinion is based on the audit work undertaken in a number of specific areas, as agreed by Finance and Audit Group. No system of control can give absolute assurance against material misstatement or loss and, accordingly, this opinion does not provide such absolute assurance.

3.3 Qualifications to the Opinion

There are no qualifications to the above opinion.

3.4 Summary of Audit work from which the Opinion is derived

Set out at the end of the report are the Internal Audits which have been issued and reported to Finance and Audit Group during the year and a breakdown of the 2021/22 audit assessments into their respective assessment categories.

The table below shows the number of audits against their overall assessments. This shows that in all cases there is an effective or at least sound system of control in place.

Level of Assurance and Definitions	2021/22 No. of Audits
Full Assurance - There is a highly effective system of internal control in place designed to achieve objectives with no issues being identified.	1
Substantial Assurance - There is an effective system of internal control in place designed to achieve objectives with only minor issues being identified which require improvement.	2
Moderate Assurance - There is a sound system of internal control in place with some weaknesses being present which may put some objectives at risk. Issues require management attention.	0
Limited Assurance - The system of internal control in place has some major weaknesses which may put the achievement of objectives at risk. Issues require prompt management attention.	0
No Assurance - There are significant weaknesses in the system of control which could result in failure to achieve objectives. Immediate management action is required.	0

Internal Audit has also undertaken follow-up work in respect of recommendations made in the previous year. Details of the outcomes from this work are presented in a separate report.

3.5 Issues Relevant to the Annual Governance Statement

There are no significant issues arising that need to be included in the Annual Governance Statement.

3.6 Assessment of the Effectiveness of Internal Audit

To comply with the Public Sector Internal Audit Standard an annual self-assessment of the service against the standard is required. The review for 2021/22 has been carried out and the Internal Audit service is considered to be operating effectively.

In addition, it is a requirement of the Standard that an external assessment of internal audit arrangements is undertaken. An arrangement is in place within the North East to conduct a series of peer reviews to assess internal audit services against the Standards. Under this arrangement the Chief Audit Executive of North Tyneside Council undertook Newcastle's

review which found “Newcastle City Council’s Internal Audit Service is substantially compliant with the requirements of the Public Sector Internal Audit Standards, and the accompanying CIPFA Local Government Application Note.”

4 Quality Assurance & Improvement (Key Performance Indicators)

Description and Comments	2021/22	2021/22
	Target	Actual
Completion of the overall audit plan	100%	100%
Percentage of recommendations made to improve:		
<ul style="list-style-type: none"> Efficiency and VFM 	25%	0%
<ul style="list-style-type: none"> Controls and governance, or compliance with controls and governance arrangements 	75%	100%
% Productive Time	100%	100%
Satisfaction Surveys Returned	100%	0%
Satisfaction Rating	90%	N/a

5 Contact Officer Details

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Summary of Audit Work from which the Opinion is derived

		Actions Agreed		
Audit	Level of Assurance	L	M	H
Payroll	Full	0	0	0
Risk Management	Substantial	0	2	0
Nature Recovery	Substantial	0	2	0