

Report to: **Audit, Best Value and Community Services Scrutiny Committee**

Date: **27 September 2017**

By: **Chief Operating Officer**

Title of report: **Internal Audit Progress Report – Quarter 1 (01/04/17 – 30/06/17)**

Purpose of report: **To provide Members with a summary of the key audit findings, progress on delivery of the audit plan and the performance of the internal audit service during Quarter 1.**

RECOMMENDATIONS

- 1. Members are recommended to consider and agree any action that should be taken in response to the issues raised in any of the audits carried out during Quarter 1;**
 - 2. Identify any new or emerging risks for consideration for inclusion in the internal audit plan.**
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1. Background

1.1 This progress report covers work completed between 1 April 2017 and 30 June 2017.

2. Supporting Information

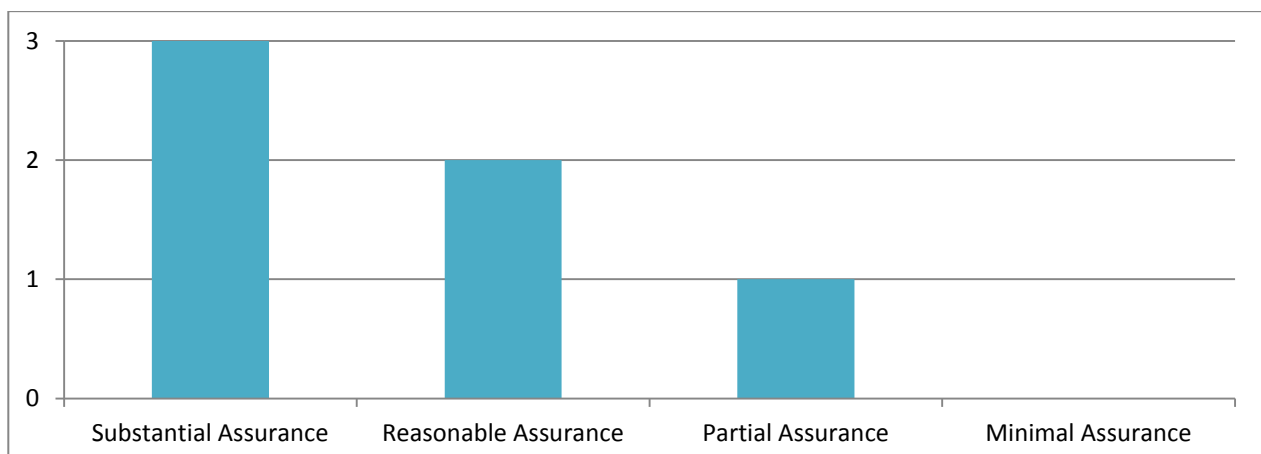
2.1 The current annual plan for internal audit is contained within the Internal Audit Strategy and Annual Plan 2017-18. This was prepared after consulting Chief Officers and senior managers and was endorsed by Audit, Best Value and Community Services Scrutiny Committee on 14 March 2017.

3. Conclusion and Reasons for Recommendation

3.1 Key audit findings from final reports issued during Quarter 1 are summarised in Appendix 1.

3.2 During quarter 1, we moved from using a range of five audit opinions (full, substantial, partial, minimal and no assurance) to a revised range of four (substantial, reasonable, partial and minimal assurance). This change is applicable to the whole of Orbis Internal Audit and will provide consistency across the three authorities of East Sussex, Brighton and Surrey.

3.3 Overall, of the 2 audits completed and issued in the quarter using the previous range of opinions, both reviews received 'substantial assurance'. For the 6 audits completed using the revised range of opinions, 3 received 'substantial assurance', 2 received 'reasonable assurance' and 1 'received partial assurance', as follows:



3.4 The partial assurance opinion relates to the contract management audit of the managed service provider for temporary agency workers. We will complete a follow-up review in this area later this year. Further detail on this is included in Appendix 1.

3.5 When forming an opinion on the Council's overall control environment and in addition to the audit opinions issued, it is also necessary to consider the level of risk associated with each area under review. **Taking into account these considerations, the Orbis Chief Internal Auditor continues to be able to provide reasonable assurance that the Council has in place an effective framework of governance, risk management and internal control.**

3.6 The overall conclusion has been drawn based on all audit work completed in the year to date and takes into account the management response to audit findings and the level of progress in subsequent implementation. This is something which will continue to be monitored and reported on by Internal Audit throughout the year.

3.7 Formal follow up reviews continue to be carried out for all audits where 'minimal' assurance opinions have been given and for all higher risk areas receiving 'partial' assurance. A schedule of all audits where future follow up reviews are planned is provided at the end of Appendix 1, which will continue to be updated on an ongoing basis. In addition, arrangements are in place to monitor implementation of all individual high risk recommendations. At the time of writing this report, one high risk recommendation due, relating to the 'Highways Lessons Learned' exercise completed in 2016/17, remained outstanding beyond the agreed implementation date (Appendix 2). A revised implementation date for this has been agreed and this will be monitored to confirm it is actioned accordingly.

3.8 Members will recall that flexibility was built into the audit plan to allow resources to be directed to any new and emerging risks. We continue to liaise with departments to identify these but would also welcome input from the Committee. Details of those reviews added and removed from the plan so far this year are set out at the end of Appendix 1.

3.9 Progress against an updated set of performance targets (focussing on a range of areas relating to our service) can be found in Appendix 3. All targets have been assessed as on target (green).

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BACKGROUND DOCUMENTS: Internal Audit Strategy and Annual Plan 2017-18