

Report to: **Audit Committee**

Date: **22 November 2018**

By: **Chief Operating Officer**

Title of report: **Internal Audit Progress Report – Quarter 2 (01/07/18 – 30/09/18)**

Purpose of report: **To provide Members with an update on all internal audit and counter fraud activity completed during the quarter, including a summary of all key findings. The report also includes details of progress on delivery of the annual audit plan along with an update on the performance of the internal audit service during the period.**

---

## **RECOMMENDATIONS**

**Members are requested to:**

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

### **1. Background**

1.1 This progress report covers work completed between 1 July 2018 and 30 September 2018.

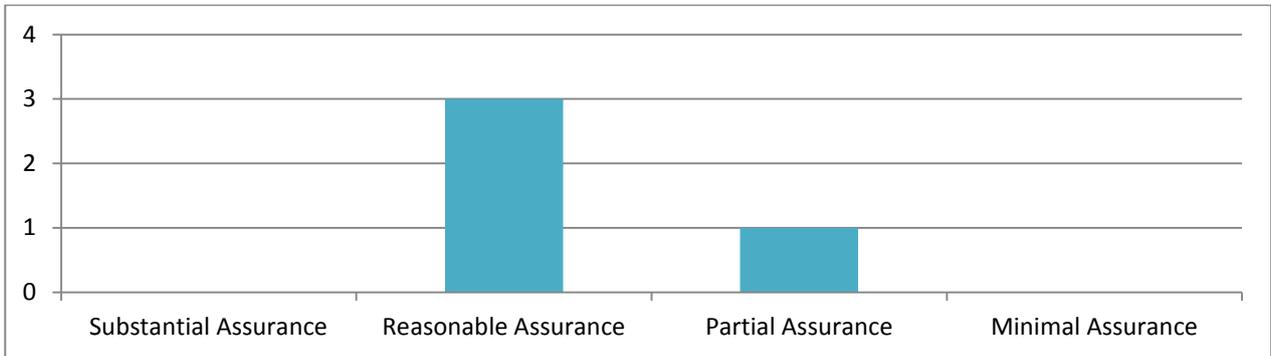
### **2. Supporting Information**

2.1 The current annual plan for internal audit is contained within the Internal Audit Strategy and Annual Plan 2018-19 which was approved by Audit Committee on 22 March 2018.

### **3. Conclusion and Reasons for Recommendation**

3.1 Key audit findings from final reports issued during Quarter 2 are summarised in Appendix A.

3.2 Overall, of the four formal audits finalised during the quarter in which an opinion was given, three received opinions of 'reasonable assurance' and one received 'partial assurance'. There were no opinions of 'substantial assurance' or 'minimal assurance'. The completion to final report stage during the quarter of only four 'opinion' audits is low in comparison to previous quarters. This is as a result of audit investigation work and lower levels of production as a result of summer holidays. In addition, other non-opinion audit activity has been undertaken in quarter 2 that includes work relating to Orbis Policies and Atrium, as reported in this report. Also, several audits were at draft report stage at the end of the quarter and will be reported upon in our quarter 3 report. We remain confident that we will achieve our target of 90% completion of the audit plan by 31 March 2019.



3.3 Although the same range of internal audit opinions are issued for all audit assignments, it is necessary to also consider the level of risk associated with each area under review when drawing an opinion on the Council's overall control environment. **Taking into account these considerations, the 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.**

3.4 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.

3.5 Formal follow up reviews continue to be carried out for all audits where 'minimal assurance' opinions have been given and for higher risk areas receiving 'partial assurance'.

3.6 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 this Committee. Details of those reviews added and removed from the plan so far this year are set out at the end of Appendix A.

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

**KEVIN FOSTER**  
**Chief Operating Officer**

Contact Officers: Russell Banks, Orbis Chief Internal Auditor Tel No. 01273 481447  
 Nigel Chilcott, Audit Manager Tel No. 01273 481992

Background Documents:

Internal Audit Strategy and Annual Plan 2018-19