

Report to: Audit Committee
Date: 25 March 2019
By: Orbis Chief Internal Auditor
Title of report: Internal Audit Progress Report – Quarter 3 (01/10/18 – 31/12/18)
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 asked 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 3;
 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 October 2018 and 31 December 2018.

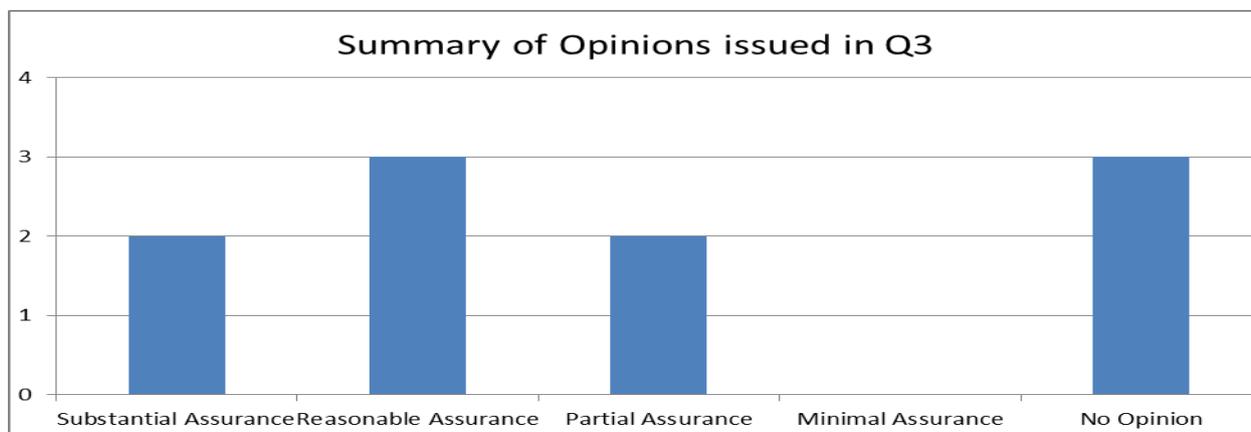
2. Supporting Information

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 3 are summarised in Appendix 1.

3.2 Overall, of the seven formal audits finalised during the quarter in which an opinion was given, two received opinions of 'substantial assurance', three received opinions of 'reasonable assurance', and two received 'partial assurance'. There were no opinions of 'minimal assurance'.



3.3 Although the same range of internal audit opinions are issued for all audit assignments (where an opinion is relevant), 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 1.

3.7 Progress against our performance targets (focussing on a range of areas relating to our service) can be found in Appendix 1. All targets have been assessed as on target (green).

**RUSSELL BANKS,
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BACKGROUND DOCUMENTS:

Internal Audit Strategy and Annual Plan 2018-19