

Report to: **Audit Committee**
Date: **6 November 2020**
By: **Orbis Chief Internal Auditor, Business Services Department**

Title of report: **Internal Audit Progress Report – Quarter 2 (01/07/20 – 30/09/20)**

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. To also provide an update on the performance of the internal audit service during the period.**

RECOMMENDATIONS

Members are asked to:

- 1) **Note the report and consider any further action required in response to the issues raised; and**
 - 2) **Identify any new or emerging risks for consideration for inclusion in the revised audit plan.**
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1. Background

1.1 This progress report covers work completed between 1 July 2020 and 30 September 2020.

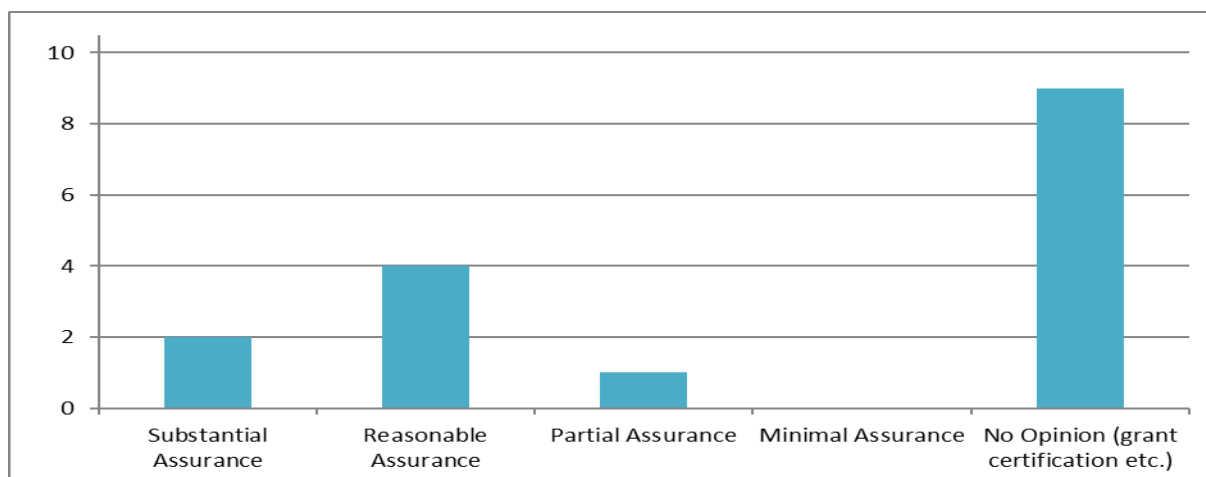
2. Supporting Information

2.1 The current annual plan for internal audit is contained within the Internal Audit Strategy and Annual Plan 2020-21 which was approved by Audit Committee on 13 May 2020.

3. Conclusion and Reasons for Recommendation

3.1 Key audit findings from final reports issued during Quarter 2 are summarised in Appendix 1.

3.2 Overall, of the seven formal audits finalised during the quarter in which a formal audit opinion was given, two received opinions of 'substantial assurance', four received 'reasonable assurance' audit opinions and there was one opinion of 'partial 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 assurance that the Council has in place an effective framework of governance, risk management and internal control.**

3.4 The overall conclusion above has, therefore, been drawn based on all audit work completed in the year to date and considers 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 throughout the year.

3.5 As reported in our quarter one progress report, a significant proportion of our planned work was paused so that we would not impede service response to the Covid-19 pandemic and, wherever possible, enable us to provide specific support to this response. This continued in quarter two. As a result, it has been necessary to revise the original audit plan in order to reflect the new risk environment and the reduced period of coverage. Full details of the revised Internal Audit plan, which has been developed for the period 1 September 2020 to 31 March 2021, are provided within a separate report to this meeting.

3.6 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'.

3.7 Members will recall that flexibility was built into the audit plan to allow resources to be directed to any new or emerging risks. We continue to liaise with departments to identify these and would also welcome input from this Committee.

3.8 Progress against our performance targets (focussing on a range of areas relating to our service) can also be found in Annexe A (section 5). Members should note the red risk rating against the measure for implementing agreed high-risk actions. Further detail on this can be found in section 3 of the report.

RUSSELL BANKS, ORBIS CHIEF INTERNAL AUDITOR, BUSINESS SERVICES DEPARTMENT

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LOCAL MEMBERS: All

BACKGROUND DOCUMENTS: Internal Audit Strategy and Annual Plan 2020-21