

Report to: **Audit Committee**
Date: **26 March 2021**
By: **Orbis Chief Internal Auditor, Business Services Department**

Title of report: **Internal Audit Progress Report – Quarter 3 (01/10/20 – 31/12/20)**

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;**
 - 2. Identify any new or emerging risks for consideration for inclusion in the audit plan.**
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1. Background

1.1 This progress report covers work completed between 1 October 2020 and 31 December 2020.

2. Supporting Information

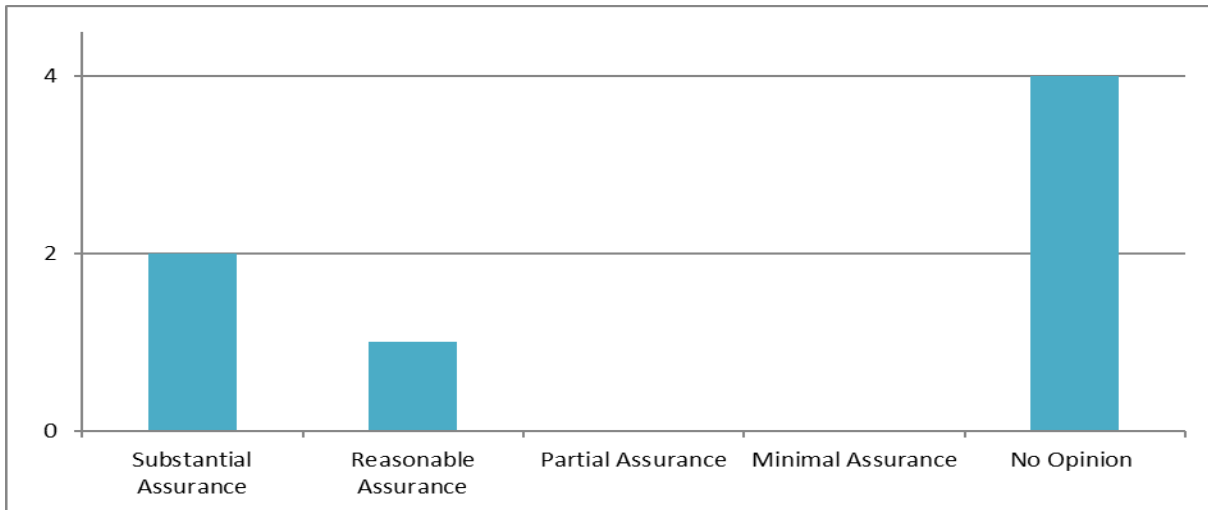
2.1 The current annual plan for internal audit is contained within the Internal Audit Strategy and Annual Plan 2020-21 which was approved by Audit Committee on 13 May 2020.

3. Conclusion and Reasons for Recommendation

3.1 Key audit findings from final reports issued during Quarter 3 are summarised in Annexe A.

3.2 Members will recall that, during the year, 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. Also, that it was necessary to develop a revised audit plan in order to reflect the new risk environment and the reduced period of coverage. The revised plan was reported to this Committee in November 2020.

3.3 Overall, of the three formal audits finalised during the quarter in which a formal audit opinion was given, two received opinions of 'substantial assurance' and there was one opinion of 'reasonable assurance'. The completion to final report stage during the quarter of only three 'opinion' audits is low in comparison to previous quarters. This is mainly as a result of unplanned reviews still in progress. In addition, several audits were at draft report stage at the end of the quarter and will be reported upon in our quarter 4 report.



3.4 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.**

3.5 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.

3.6 Members will recall that formal follow up reviews are completed for all audits where 'minimal assurance' opinions have been given and for higher risk areas receiving 'partial assurance'. Due to Covid-19 and the impact on services, the majority of follow-up audits due were paused and will be carried forward into the 2021/22 audit plan.

3.7 Progress against our performance targets (focussing on a range of areas relating to our service) can also be found in Annexe A (section 5).

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