

Report to: **Audit Committee**

Date: **18 November 2022**

By: **Chief Operating Officer**

Title of report: **Internal Audit Progress Report – Quarter 2 (01/07/22 – 30/09/22)**

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: Committee Members are recommended to:

- 1) Note the report and consider any further action required in response to the issues raised.
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1. Background

1.1 This progress report covers work completed between 1 July 2022 and 30 September 2022.

2. Supporting Information

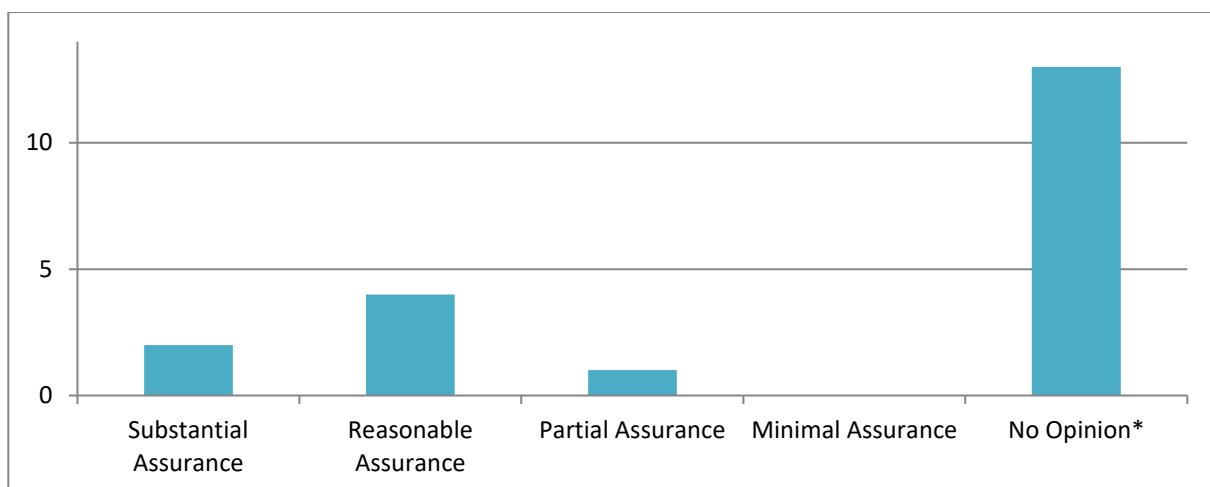
2.1 The current annual plan for internal audit is contained within the Internal Audit Strategy and Annual Plan 2022-23 which was approved by Audit Committee on 29 March 2022.

3. Conclusion and Recommendations

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

3.2 Overall, of the seven formal audits finalised during the quarter in which a formal audit opinion was given, two received an opinion of 'substantial assurance', four received opinions of 'reasonable assurance' and there was one 'partial' assurance.

Graph to show assurance levels of formal audits completed in Quarter 2



* No opinion (13 areas): Typically, this tends to be proactive advice and support activity where, due to the advisory nature of the audit work, provision of formal assurance-based opinions is not appropriate. It also includes grant certification work.

3.3 Although the same range of internal audit opinions is 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. For example, as at the end of Quarter 2, 100% of high priority actions due had been implemented. This is something which will continue to be monitored and reported on 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'. Two follow-up reviews were completed during the quarter (included within the seven opinion audits above) and these resulted in improved opinions of reasonable assurance.

3.6 Progress against our performance targets (focussing on a range of areas relating to our service) can also be found in Annexe A (section 5) which shows that all targets are rated as green and on track.

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BACKGROUND DOCUMENTS:

None