

Report to: **Audit Committee**

Date: **31 March 2023**

By: **Chief Operating Officer**

Title of report: **Internal Audit Progress Report – Quarter 3 (01/10/22 – 31/12/22)**

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.**

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**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 October 2022 and 31 December 2022.

**2. Supporting Information**

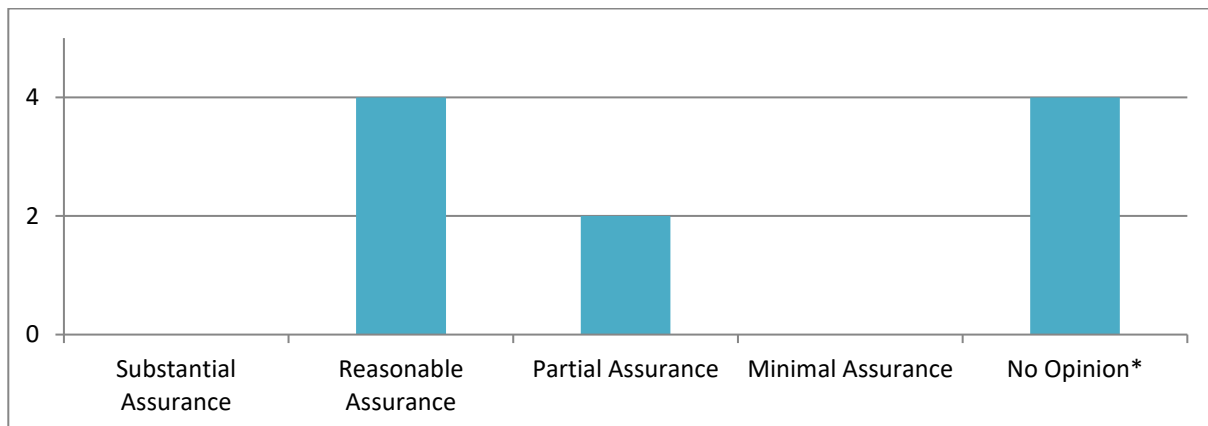
2.1 The current annual plan for internal audit is contained within the Internal Audit Strategy and Annual Plan 2022-23 which was approved by Audit Committee on 29 March 2022.

**3. Conclusion and Recommendations**

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

3.2 Overall, of the six formal audits finalised during the quarter in which a formal audit opinion was given, four received an opinion of 'reasonable assurance' (one of which was a school) and two received opinions of 'partial assurance' including a follow-up review where the opinion remained unchanged. At the time of writing this report, there were nine audits at draft report stage awaiting finalisation (these are not included in the graph below and will be summarised in our Quarter 4 report).

Graph to show assurance levels of formal audits completed in Quarter 3



\* No opinion (4 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.

3.5 As at the end of Quarter 3, 92.9% (13 of 14) of high priority actions due had been implemented. Full implementation was not achieved as a result of one action having been only partially implemented. It relates to the need to provide additional oversight of major procurement activity, following an audit investigation relating to the re-procurement of a large framework agreement. Whilst some improvement action had been undertaken, further action is necessary to complete this (full details can be found in Section 3 of the report at Annexe A). This is something which will continue to be monitored and reported on throughout the year.

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'. Two follow-up reviews were completed during the quarter (included within the six opinion audits above). One of these (Building Condition Asset Management) has resulted in an improved audit opinion of reasonable assurance. However, the other (Vehicle Use) remains unchanged at partial assurance where we found that, despite the agreed action being taken by the service, compliance with guidance in relation to the use of vehicles across departments remains low. Further detail on this can be found in Section 1.26 of the report at Annexe A.

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). All but one of these are rated as green and on track. The one area relates to action tracking, as above.

**ROS PARKER**  
**Chief Operating Officer**

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**BACKGROUND DOCUMENTS:**

None