

REPORT TO AUDIT & GOVERNANCE

Date of Meeting: 5th DECEMBER 2018

Report of: AUDIT MANAGERS

Title: INTERNAL AUDIT PROGRESS REPORT 2ND QUARTER 1st JULY TO 30th SEPTEMBER 2018

Is this a Key Decision?

No

* One that affects finances over £1m or significantly affects two or more wards. If this is a key decision then the item must be on the appropriate forward plan of key decisions.

Is this an Executive or Council Function? COUNCIL

1. What is the report about?

- 1.1 To report on internal audit work carried out during the period 1st July to 30th September 2018, to advise on overall progress against the Audit Plan and to report any emerging issues requiring consideration.

2. Recommendations:

- 2.1 That the Internal Audit Progress Report for the second quarter of the year 2018/19 be noted.

3. Reasons for the recommendations:

- 3.1 One of the roles of this committee is to review quarterly internal audit reports and the main issues arising and seek assurance from management that action has been taken, where necessary.

4. What are the resource implications including non financial resources.

- 4.1 None

5. Section 151 Officer comments:

The general findings are positive for the Council, demonstrating a solid system of internal control. However, it is important that managers seek to address the issue raised to further strengthen the system. It is also pleasing to note the completion of two of the weaknesses within the Significant Governance Issues.

6. What are the legal aspects?

None identified.

7. Monitoring Officer's comments:

This report raises no issues for the Monitoring Officer.

8. Report details

This Committee is responsible for the implementation and active monitoring of audit processes and actions, which includes performance against the annual audit plan,

reviewing quarterly internal audit progress reports and seeking responses and assurance from management where remedial action has not been agreed or implemented within a reasonable timescale. The 2018/19 Audit Plan was approved at this Committee on 14th March 2018.

The purpose of Internal Audit is to provide an independent and objective review of the adequacy and effectiveness of the Council's arrangements for internal control, risk management and governance. The activities we audit are given an assurance rating as follows:

Excellent	«««««	The areas reviewed were found to be well controlled, internal controls are in place and operating effectively. Risks against achieving objectives are well managed.
Good	««««	Most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but a few areas for improvement have been identified.
Some improvement required	«««	There is a basic control framework in place, but not all risks are well managed and a number of controls are required to be strengthened.
Significant improvement required	««	Most of the areas reviewed were not found to be adequately controlled. Risks are not well managed and require controls to be strengthened to ensure the achievement of system objectives.
Fundamental weakness	«	Controls are seriously lacking or ineffective in their operation No assurance can be given that the system's objectives will be achieved.

8.1 Progress against the plan and work undertaken

Internal Audit's objective is to examine the Council's financial and non-financial systems to check that there are adequate internal controls in place to prevent loss due to frauds, errors and inefficiency, and due attention is paid to corporate governance and risk management.

A summary of progress against the annual audit plan to date is shown at Appendix A, together with the current status of each area for review and the outcomes of the review, where completed. Progress against the annual audit plan is on target.

The table is based on the audit plan and the systems grouped into the fifteen strategic purposes as per the Corporate Plan.

A further summary of the outcomes of audits completed can be found at Appendix B.

I am pleased to report that agreed actions from previous audit reports are being progressed satisfactorily and that there are no instances where remedial action was not agreed by management during this quarter.

8.2. Governance Issues

The Council's annual governance statement (AGS) reported that as a result of the audit work that has been undertaken throughout the year no significant issues have been identified. However, the Council continues to make enhancements and improvements to its governance arrangements and an action plan has been compiled which will be subject to regular monitoring by the Audit and Governance Committee.

An action plan of the issues identified has been included in Appendix C.

9. How does the decision contribute to the Council's Corporate Plan?

Good governance contributes to the Council's purpose of a "Leading a Well Run Council".

10. What risks are there and how can they be reduced?

N/A

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

N/A

12. Are there any other options?

N/A

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Audit Managers

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None

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