

AUDIT COMMITTEE	AGENDA ITEM No. 5
19 NOVEMBER 2018	PUBLIC REPORT

Report of:	Pete Carpenter, Acting Corporate Director of Resources	
Cabinet Member(s) responsible:	Councillor Seaton, Resources Portfolio Holder	
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	Tel. 384557

INTERNAL AUDIT: MID YEAR PROGRESS REPORT 2018 / 2019

R E C O M M E N D A T I O N S	
FROM: Pete Carpenter, Acting Corporate Director of Resources	Deadline date: N/A
It is recommended that Audit Committee:	
1. Note the progress of the Internal Audit plan for 2018 / 2019	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Audit Committee as a routine planned report within the 2018 / 2019 work programme of the Committee.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The Terms of Reference for the Audit Committee (agreed at Full Council) set out the key roles of the Committee including the following "2.2.2.1 *To consider the annual audit report and opinion of the Corporate Director Resources and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements*".
- 2.2 The purpose of this report provides an overall opinion on the soundness of the control environment in place to minimise risk to the council. It is based on the findings of the completed internal audits from the Annual Audit Plan 2018 / 2019 as at 31 October 2018.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. INTERNAL AUDIT UPDATE

4.1 Background

The details of the progress of the 2018 / 2019 plan are documented in **Appendix A** and **Appendix B**. This year, Internal Audit introduced a new assessment tool which allows us to continually assess risks and prioritise our work accordingly. As such, as well as listing the audits completed, this report details the audits we plan to conduct, or which are underway, based on our current assessment of risk. Audits which are new have been highlighted. We will continue to appraise risk and refine our audit plans, therefore those audits that have yet to be started could be replaced if risk levels change

4.2 **Resources**

4.2.1 The 2018 / 2019 plan was compiled on the basis of an in house team with an establishment of 5.96 full time equivalent staff (FTE). One full time Senior Auditor post was vacant, leaving a 4.96 FTE resource, and therefore the original plan highlighted those audits that would not be achievable if the vacancy was not filled.

4.2.2 At this point in the year the Senior Auditor post remains vacant. However, there has been a slight increase in the hours of one member of staff. This brings the FTE for the year, for staff in post, to 5.1.

4.2.3 We are also in the process of recruiting a temporary resource to assist with the increased requirements of the Combined Authority and to provide some cover for the vacancy. This will add approximately 0.5 FTE, bringing the total resource for the year to 5.6 FTEs.

4.2.4 The revised plan continues to highlight those audits that are not achievable within the currently available resource levels.

4.3 **Performance and Outputs**

4.3.1 One of four levels of assurance is allocated to each audit review. These assurance levels are: SUBSTANTIAL; REASONABLE; LIMITED; and NO ASSURANCE. Where concerns have been identified resulting in limited or no assurance, the Executive Summaries for these reviews are included within **Appendix A**, once the review has been agreed and finalised. There are no reports that fall into this category at this time.

4.3.2 It is too early in the audit year to provide an opinion on the internal controls operating across the Council that have been subject to audit from the 2018 / 2019 audit plans. There are no significant issues to be brought to the Committee's attention at this time.

5. **CONSULTATION**

5.1 This report and accompanying appendices have been issued to the Acting Corporate Director of Resources and the Joint Director of Legal and Governance Services

6. **ANTICIPATED OUTCOMES OR IMPACT**

6.1 That the Audit Committee is informed of Internal Audit's progress against the Annual Audit Plan. In addition, that the Audit Committee is made aware of any key control issues highlighted by our work.

7. **REASON FOR THE RECOMMENDATION**

7.1 The Council is subject to the Accounts and Audit Regulations and as such must make provision for Internal Audit in accordance with the CIPFA Code of Practice and the Public Sector Internal Audit Standards. It must also produce an Annual Governance Statement to be published with the Council's financial accounts. This report and associated papers demonstrate how the audit service is progressing against the audit plan how it will contribute to the Statement.

8. **ALTERNATIVE OPTIONS CONSIDERED**

8.1 The alternative of not providing an Internal Audit service is not an option.

9. **IMPLICATIONS**

Financial Implications

- 9.1 During the year, Internal Audit reports will generate a series of recommendations. While implementing these may have resource implications for the various areas under review, Internal Audit discuss and agree recommendations with the auditee prior to the issue of the final audit report. Therefore it is assumed that their implementation can and will be undertaken either with existing resources or with additional resources that they can readily call upon.

Legal Implications

- 9.2 The Internal Audit service is undertaken in accordance with the requirements of section 151 of the Local Government Act and the requirements of the Accounts and Audit Regulations. There would be a legal implication if an Internal Audit service was not provided for, and if mechanisms were not in place to carry out a review of internal control, governance and risk management as a basis for the Annual Governance Statement.

Equalities Implications

- 9.3 None

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 10.1 Used to prepare this report in accordance with the Local Government (Access to Information) Act 1985
- Internal Audit Annual Plan 2017 / 2018
 - Internal Audit written output (reports, memos, grant certifications)

11. APPENDICES

- 11.1 Appendix A: Internal Audit Mid Year Progress Report 2018 / 2019 (to 31 October 2018)
- Appendix B: Progress against agreed Audit Plan

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