



AUDIT & GOVERNANCE COMMITTEE
12 DECEMBER 2018

**INTERNAL AUDIT PROGRESS REPORT – QUARTER 2
(01/07/18 – 30/09/18)**

SUMMARY AND PURPOSE:

The purpose of this progress report is to inform members of the work completed by Internal Audit between 1 July 2018 and 30 September 2018.

The original annual plan for Internal Audit is contained within the Internal Audit Strategy and Annual Plan 2018-19, which was approved by Audit and Governance Committee on 12 April 2018.

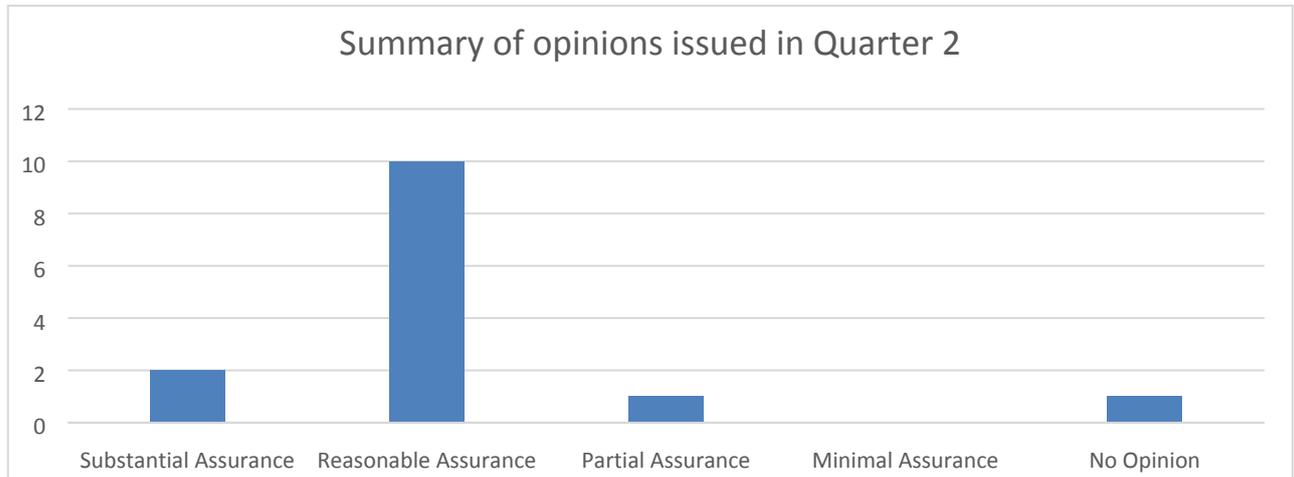
Along with a regular update on Internal Audit performance, this progress report also includes detail of changes to the annual plan with effect from this quarter to allow for a reduction in the resources available to Internal Audit.

RECOMMENDATIONS:

The Audit and Governance Committee is asked to note the report and consider any further action required in the response to issues raised.

BACKGROUND:

1. Key audit findings from final reports issued during Quarter 2 are summarised in Appendix A.
2. Reviews completed in this quarter included a mixture of planned and unplanned audits, grant certification work, and irregularity work. Overall, of the 14 formal audits finalised during the quarter (excluding grant and irregularities), 2 received 'substantial assurance', 10 received 'reasonable assurance', 1 was of partial assurance and 1 had no opinion, being a position statement. There were no opinions of 'minimal assurance' issued in this period.



3. 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'. One follow-up review of the Highways Contract (Lot 5 – Drainage) was completed in the quarter: this resulted in an opinion being revised from partial assurance to reasonable assurance following progress against agreed actions being implemented as expected.
4. Members will recall that flexibility was built into the audit plan to allow resources to be directed to any new and emerging risks. We continue to liaise with departments to identify these, and also bring them to the attention of the Corporate Leadership Team. Details of those reviews added and removed from the plan so far this year are set out at the end of Appendix A.
5. Appendix A also provides details of counter fraud investigations completed, information on the tracking of high priority actions and progress against our performance targets.

IMPLICATIONS:

6. Financial;
Equalities;
Risk management; and/or
Value for money
7. There are no direct implications (relating to finance, equalities, risk management or value for money) arising from this report. Any such matters highlighted as part of the audit work referred to in this report, would be progressed through the agreed Internal Audit Reporting and Escalation Policy

WHAT HAPPENS NEXT:

8. See Recommendations above.

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Sources/background papers: Internal Audit Strategy and Annual Audit Plan 2018/19.

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