



AUDIT & GOVERNANCE COMMITTEE
17 DECEMBER 2019

Internal Audit Progress Report – Quarter 2 (01/07/19 – 30/09/19)

SUMMARY AND PURPOSE:

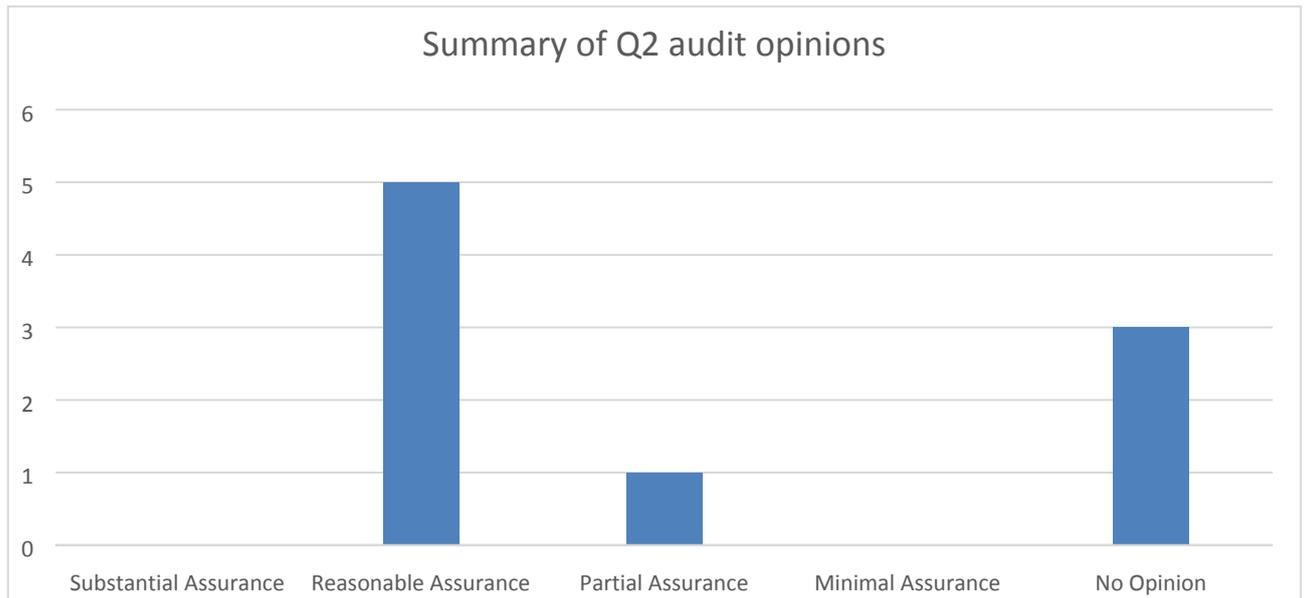
1. The purpose of this progress report is to inform members of the work completed by Internal Audit between 1 July 2019 and 30 September 2019.
2. The current annual plan for Internal Audit is contained within the Internal Audit Strategy and Annual Plan 2019-20, which was approved by Audit and Governance Committee on 8 April 2019.

RECOMMENDATIONS:

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

BACKGROUND:

4. Key audit findings from final reports issued during Quarter 2 are summarised in Appendix A.
5. Reviews completed in this quarter included a mixture of planned and unplanned audits, grant certification work, and irregularity work. Overall, of the 9 formal audits finalised during the quarter (excluding grant and irregularities), 5 received 'reasonable assurance', 1 received 'partial assurance' and 3 received 'no opinion' being either position statements or briefings for management.



6. Quarter 2 also saw a number of grant claim reviews completed by September 2019, including:
- Four Highways related grant claims for Department for Transport;
 - A Troubled Families grant return for the Ministry of Housing, Communities and Local Government; and
 - Two grant returns undertaken in respect of European Grant funded projects.
7. 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’. There were two follow-up reviews completed in quarter two of 2019/20 and it is pleasing to report that in both cases we saw a clear improvement in the control environment:
- Surplus Properties, where the audit opinion was raised from partial assurance to reasonable assurance following the review; and
 - Annual Car User Lump Sum, where the audit opinion was also raised from partial assurance to reasonable assurance.
- In both instances management had implemented the expected control improvements from the agreed actions, which enabled us to place greater assurance on the system of control in place.
8. 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.
9. 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:

9. Financial;
Equalities;
Risk management; and

Value for money

10. 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

<u>WHAT HAPPENS NEXT:</u>

11. See Recommendations above.

**REPORT AUTHOR: Russell Banks, Orbis Chief Internal Auditor
David John, Audit Manager (Surrey County Council)**

CONTACT DETAILS: telephone: 01273 481447 e-mail: Russell.banks@eastsussex.gov.uk
telephone: 020 8541 7762 e-mail: david.john@surreycc.gov.uk

Sources/background papers: Internal Audit Strategy and Annual Audit Plan 2019/20.

This page is intentionally left blank