

**REPORT TO THE GOVERNANCE & AUDIT COMMITTEE
MEETING ON: 10th December 2019**

Status: For information
Title: Internal Audit – progress and performance update
Originator: Trevor Croote – Audit Manager
Where from: CMT / LGSS Internal Audit
Where to next: N/A

1 Purpose of report

1.1 *To update Members on progress against the 2019/20 internal audit plan, key findings of audits completed and status of outstanding recommendations*

2 Recommendations

2.1 ***That the internal audit progress report attached at Appendix A and the status of outstanding recommendations at Appendix B be noted.***

2.2 ***That approval be given to allocate 10 days from the contingency to an audit of IT Disaster Recovery.***

3 Summary of reasons for the recommendations

3.1 To support the committee's role in ensuring good governance, strong financial management and an effective internal control environment. Additionally, to oversee the independence, objectivity, performance and professionalism of internal audit.

3.2 To enable an up-to-date assessment to be completed of the Council's IT disaster recovery arrangements and review the position regarding the long overdue recommendation in Appendix B.

4 Impact on communities

4.1 Internal audit work provides assurance to management and Members that appropriate controls are in place to safeguard public money and assets. All audit assignments consider the risk of fraud and opportunities to improve value for money in the services delivered by and on behalf of the Council.

5 Key facts

- 5.1 **Appendix A** summarises progress against the plan together with the latest available performance information and key audit findings. At the time of writing, 77% of the agreed plan is either complete or in progress.
- 5.2 Monitoring the implementation of audit recommendations and holding officers to account for any delays is an important function of this committee. There are currently 12 overdue recommendations of which ten (83%) are overdue by more than three months. Of these, three are classified as high or medium priority and further details are provided in **Appendix B**.
- 5.3 The Committee's role includes approving any amendments to the Internal Audit Plan during the financial year. For reasons of timeliness and efficiency the Committee has previously agreed that any proposed amendments can be approved by the Chief Officer Finance and Assets (Section 151 Officer) in consultation with the Chairman.
- 5.4 Since the last committee meeting it has been agreed to postpone the payroll review to 2020/21 to coincide with the Council's plans and timetable for seeking an alternative payroll provider. Approval is also sought to allocated 10 days of the contingency to an audit of IT disaster recovery arrangements, as discussed at the October committee meeting.

6 Legal issues

- 6.1 Section 5 of The Accounts and Audit Regulations 2015 require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes. The Council has formally delegated delivery of its internal audit function to LGSS.

7 Resource issues

- 7.1 The Council has commissioned LGSS to provide 235 days to deliver the 2019/20 internal audit plan. Progress against the plan is set out in Appendix A.

8 Equality implications

- 8.1 Any equality implications arising from audit assignments will be included in individual audit reports and summarised in Appendix A where relevant.

9 Impact on the organisation

- 9.1 The organisational impact of each audit assignment is included in individual audit reports and summarised in Appendix A.

10 Community safety implications

10.1 Any community safety implications arising from audit assignments will be included in individual audit reports and summarised in Appendix A where relevant.

11. Carbon management implications

11.1 None as far as this report is concerned.

12. Risk management implications

12.1 Any risk management implications arising from audit assignments will be included in individual audit reports and summarised in Appendix A where relevant.

13 Consultation

13.1 All internal audit reports are discussed and agreed with management before being finalised. All final reports are issued to the Governance and Audit Committee Chairman.

14 Options considered

14.1 N/A

15 Background papers

15.1 None

**Previous report(s): Internal Audit Plan 2019/20 (06/03/2019)
Internal Audit Update (17/10/2019)**

Information Issued Under Sensitive Issue Procedure: N

Ward Members Notified: N

Appendices:

A. Internal Audit Update - December 2019

B. Outstanding Audit Recommendations