

ANNUAL OVERVIEW OF PERFORMANCE OF INTERNAL AUDIT SERVICES BY CHIEF FINANCE OFFICER 2018/19

Introduction

Internal Audit is a statutory function and it is the responsibility of the Council to maintain an adequate and effective system of internal audit.

In accordance with the International Standards (Public Sector Internal Audit Standards) and Regulation (6) of the Accounts and Audit Regulations 2015, the Chief Finance Officer has reviewed the effectiveness of internal audit.

Based on the work undertaken in the audits listed within the Annual Internal Audit report 2018/19 the Head of Internal Audit's opinion stated :

The organisation has an adequate and effective framework for risk management and governance.

However our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

There are no areas identified that would impact on the Annual Governance Statement

Audit Contract	This is the 7 th and final year of the contract. There is a new contract in place from 1 st April 2019 with Southern Internal Audit Partnership.																																														
Delivery of the Audit Contract	<p>The Audit Strategy 2018/19 was agreed on 19th April 2018, by the Audit, Crime & Disorder and Scrutiny Committee based on the Council's risk profile and where assurances are required.</p> <p>A total of 199 audit days were planned and 17 audits were completed in 18/19, plus follow up and sign off of the Epsom & Walton Downs Conservators Accounts.</p> <p>Two of these were given partial assurance and these related to Health & Safety and the Project Management arrangements for the exit of the Ebbisham Centre.</p> <p>As this was the end of the contract a draft Annual Internal Audit Report was brought to the Committee in April 2019.</p>																																														
Audit Quality, Monitoring Arrangements and PI's	Regular operational contract monitoring meetings are in place and a regular monitoring report is issued.																																														
Consortium	<p>The 6 Consortium members (Epsom & Ewell, Mole Valley, Reigate & Banstead, Tandridge, Waverley and Surrey Police) met on several occasions during 2018/19 and agreed to transfer the contract to Southern Internal Audit Partnership (SIAP) after a number of options were reviewed. RSM have assisted with the on-boarding process during the handover.</p> <p>Five members will join as stakeholders, one member will join under client arrangements.</p>																																														
Audit Recommendations 2018/19	<table> <tr> <th>Assurance Levels</th><th>No in 2018/19</th><th>No in 2017/18</th><th>No in 2016/17</th><th>No in 2015/16</th><th>No. in 2014/15</th></tr> <tr> <td>No Assurance</td><td>0</td><td>0</td><td>0</td><td>0</td><td>2</td></tr> <tr> <td>Partial Assurance</td><td>**2</td><td>0</td><td>3</td><td>3</td><td>2</td></tr> <tr> <td>Reasonable Assurance</td><td>5</td><td>9</td><td>6</td><td>8</td><td>4</td></tr> <tr> <td>Substantial Assurance</td><td>3</td><td>4</td><td>4</td><td>3</td><td>7</td></tr> <tr> <td>WIP</td><td>0</td><td>2</td><td>4</td><td>1</td><td>1</td></tr> <tr> <td>Advisory</td><td>*7</td><td>1</td><td>3</td><td>5</td><td>2</td></tr> </table>	Assurance Levels	No in 2018/19	No in 2017/18	No in 2016/17	No in 2015/16	No. in 2014/15	No Assurance	0	0	0	0	2	Partial Assurance	**2	0	3	3	2	Reasonable Assurance	5	9	6	8	4	Substantial Assurance	3	4	4	3	7	WIP	0	2	4	1	1	Advisory	*7	1	3	5	2				
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	Follow up	1	1	1	1	1												
	Deferred	0																
	Sub Total	18	19															
	Bus Grants & smaller bodies	Signed Off	Signed off	Signed off	Signed off	Signed off												
	Total	19	20	22	21	19												
	<p>*Advisory - Continuous Assurance reports recorded as one audit in plan but three reports were issued</p> <p>**Partial Assurance includes Project Management Audit – one report but three opinions recorded in summary; the Ebbisham Exit project received a partial assurance. Corporate Health & Safety also received partial assurance</p>																	
Follow up Recommendations	<p>RSM follow up recommendations during year.</p> <p>A detailed management report on recommendations was also brought to the committee in November. As follows</p> <table><tr><td>Not yet due</td><td>10</td></tr><tr><td>Fully Implemented</td><td>11</td></tr><tr><td>Partially Implemented</td><td>6</td></tr><tr><td>Not Implemented/Outstanding</td><td>0</td></tr><tr><td>Superseded</td><td>3</td></tr><tr><td>TOTAL</td><td>30</td></tr></table> <p>The 10 relating to the Cyber Security had not been due for implementation. The end of year Internal Audit Report identified that good progress had been made on implementing recommendations</p> <p>During 2019/2020, the outstanding recommendations will be followed up internally.</p>						Not yet due	10	Fully Implemented	11	Partially Implemented	6	Not Implemented/Outstanding	0	Superseded	3	TOTAL	30
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Feedback from External audit	<p>The External Auditors (Grant Thornton) have not identified any weaknesses in internal audit which impact on their audit approach.</p>																	
Role of the Audit, Crime & Disorder and Scrutiny Committee	<p>In meeting their requirements as an Audit Committee they:-</p> <ul style="list-style-type: none">-receive regular monitoring reports and the Annual Audit Strategy-are independent to management-consider an annual report-review external audit report action plans-review the Annual Governance Statement- receive the outcome of specialist reviews																	
Additional Services	<p>RSM have delivered contract management training in replacement of a contract management audit. Over 30 officers attended to improve contract management skills across the Council.</p>																	
Overall Summary	<p>This was the final year of the contract and during the year a report was taken to Strategy & Resources Committee on the options consider by the Consortium for the provision of internal audit services. It was agreed that internal audit providers would be Southern Internal Audit Partnership, who are currently hosted by Hampshire County Council. The existing Consortium will be disbanded. RSM are thanked for their work on behalf of Epsom & Ewell Borough Council.</p>																	

Chief Finance Officer

21st May 2019