

ANNUAL OVERVIEW OF PERFORMANCE OF INTERNAL AUDIT SERVICES BY CHIEF FINANCE OFFICER 2017/18

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 (PSIAS) and Regulation (6) of the Accounts and Audit Regulations 2015, the Chief Finance Officer is required to review the effectiveness of internal audit. This review also forms part of the overall review of the assurance framework for the Annual Governance Statement which provides reliance on the effectiveness of the controls in place. This is reported at an End of Year Meeting and to the Audit, Crime & Disorder and Scrutiny Committee.

RSM provides the service as part of the East Surrey Internal Audit Consortium. RSM have provided an Annual Report for 2017/2018 which provides the S.151 Officer and the Audit, Crime & Disorder and Scrutiny Committee with an opinion on adequacy and effectiveness of the Council's governance, risk management and controls.

Head of Internal Audit's opinion for 2017/18

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

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 that will have impacted on our AGS

Overview of Performance

	AUDIT	ASSURANCE 2017/18	COMMENTS
1	Business Process Review - Homelessness	Reasonable Assurance	
2	Booking System and income collected	Reasonable Assurance	
3	Emergency Planning and civil contingencies	Reasonable Assurance	
4	Delivery of the Local Plan	Reasonable Assurance	
5	Property Management	Reasonable Assurance	
6	Cyber Security & IT General Controls	Debrief	
7	Commercial Property Acquisitions	Substantial Assurance	

8	Commercial Property Acquisitions Supplementary	Substantial Assurance	
9	Housing Needs	Deferred to 2018/19	Requested by Housing
10	Transport Contract management	Substantial Assurance	
11	Private Sector Leasing	Substantial Assurance	
12	Temporary Accommodation Initiatives	Deferred 2018/19	Requested by Housing
13	Planning Applications /Income	Substantial Assurance	
14	Data Protection/GDPR	Advisory	
15	Revenues	Reasonable Assurance	
16	Benefits	Reasonable Assurance	
17	Governance	Reasonable Assurance	
18	Payroll	Reasonable Assurance	Improved from 16/17
19	Follow up	Adequate	Part of the Annual Report

Audit Contract	The contract was extended for two years (after initial five years). When extended the composite day rate was increased but the number of days reduced to 199 in both 2017/18 and for 18/19. So the cost remains in budget The contract will end on 31 st March 2019.
Delivery of the Audit Contract	<p>The Audit Strategy 2017/18 was agreed on 11th April 2017, by the Audit, Crime & Disorder and Scrutiny Committee. This was based on the Council's risk profile and where assurances are required. A total of 199 audit days were planned. And 19 audits undertaken</p> <p>15 audits have been completed 2 deferred to 2018/19 (Temporary Accommodation Initiatives and Housing Needs) 1 in Debrief stage 1 Follow up</p>
Audit Quality, Monitoring Arrangements and PI's	Regular contract monitoring meetings are in place and a regular monitoring report is issued.
Consortium	The Consortium agreed to an extension of the contract until 2019. The Consortium is reviewing options for future contract.

Audit Findings	The following assurances were given;					
	Assurance Levels	No in 2017/18	No in 2016/17	No in 2015/16	No. in 2014/15	No in 2013/14
	Red / No Assurance	0	0	0	2	1
	Amber/Red/ Partial Assurance	0	3	3	2	1
	Amber/Green/ Reasonable Assurance	9	6	8	4	7
	Green/ Substantial Assurance	5	4	3	7	6
	WIP	1	4	1	1	1
	Advisory	1	3	5	2(draft)	1
	Follow up	1	1	1	1 (draft)	1
	Deferred	2				
	Sub Total	19				
	Bus Grants & smaller bodies	Signed off	Signed off	Signed off	Signed off	Signed off
	Total	20	22	21	19	18
Follow up Recommendations	RSM follow up recommendations as we go through the year. We still have improvements to make in monitoring implementation as resources allow. The 4 Acton software can be upgraded to monitor performance. A report will go to ACDS Committee in November with an update on progress					
Feedback from External audit	The External Auditors (Grant Thornton) have not identified any weaknesses in internal audit which impact on their audit approach.					
Role of the Audit, Crime & Disorder and Scrutiny Committee	In meeting their requirements as an Audit Committee they:- -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	RSM have delivered no additional services in 2017/18					
Summary of Areas for Improvement in 2018/19	<ul style="list-style-type: none"> Continuing to improve the implementation and monitoring of recommendations. Improving the turnaround time for officers to finalise reports. Improvement in turnaround time for issuing draft reports after audit completed 					
Overall Summary	There have been delays in the delivery of the programme due to limited resources within the Council however these will be completed . The IT audit remains outstanding but when finalised will be reported within the 2018/19 audit monitoring. The two audits transferred into 2018/19 will also be reported in the 2018/19 monitoring.					

Chief Finance Officer

16th May 2017