

Agenda Item 5

| | |
|---|---|
| Strategic Management Team Lead Officer | Nick Gray |
| Author | Phil Mitchell, Financial Services Manager |
| Telephone | 01306 879149 |
| Email | Phil.mitchell@molevalley.gov.uk |
| Date | 9 th March 2017 |

| | | | |
|--------------------------|-----|---------------------|----|
| Ward (s) affected | All | Key Decision | No |
|--------------------------|-----|---------------------|----|

| | |
|--|--|
| Subject | Internal Audit 2016/17 – Progress Report |
| RECOMMENDATION | |
| That the Committee notes the progress against the 2016/17 Audit Plan as detailed in the attached appendix. | |

| |
|---|
| CORPORATE PRIORITIES |
| An annual programme of Internal Audit reviews is part of the Council’s strong governance arrangements that enable resources to be directed in accordance with agreed policies to deliver on the priorities set out in the Corporate Strategy. |
| The Committee has the authority to determine the Recommendations |

| |
|---|
| SUMMARY |
| This is the third progress report on the 2016/17 programme of audit reviews. It updates Members on progress to date against the audit plan. |

BACKGROUND

- 1.1 Internal Audit is a statutory requirement in local government as defined in the Local Government Act 1972. The Accounts and Audit Regulations 2011 (Regulation 6) require the Council to "maintain an adequate and effective internal audit of its accounting records and of its system of internal control".

REVIEWS COMPLETED

- 2.1 RSM UK's Progress Report for 2016/17 is attached as Annex A. The previous progress report was provided to the November 2016 meeting of the Audit Committee.
- 2.2 The Audit "opinion" following each investigation undertaken by RSM UK is categorised in traffic light fashion as follows . . .
- GREEN – substantial assurance can be taken that the controls are suitably designed, consistently applied and effective;
 - AMBER/GREEN – reasonable assurance can be taken that the controls are suitably designed, consistently applied and effective;
 - AMBER/RED – some assurance can be taken that the controls are suitably designed, consistently applied and effective but action needs to be taken to manage the risk;
 - RED – no assurance can be taken that the controls are suitably designed, consistently applied and effective; action needs to be taken to ensure this risk is managed.
- 2.3 Four reports have been finalised since the previous report to the Audit Committee in November 2016. Of the "traffic light" opinions delivered by RSM UK, two are GREEN and two are AMBER/GREEN. The main findings, recommendations and management actions for each review are set out in the attached pages.

CORPORATE IMPLICATIONS

Legal Implications – None contained within the report.

Financial Implications - There are no direct financial implications arising from this report.

Risk Implications – Delivery of the Internal Audit Strategy is based upon an analysis of:

- Risk based coverage such as Risk Management, Corporate Governance Reviews and Information Technology (IT) Systems in the Council.
- Addressing specific key risk areas in the Plan
- Follow-up review and management of the Audit Plan

Equalities Implications – None contained within the report.

Employment Issues – None contained within the report.

Sustainability Issues – None contained within the report.

Consultation – None contained within the report.

BACKGROUND PAPERS

- Internal Audit Plan 2016/17