

Agenda Item 4

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Subject	Internal Audit (RSM UK) Progress Report 2017/18
Recommendation	That the Committee notes the progress against the 2017/18 Audit Plan as detailed in the attached appendix.
Executive Summary	This report provides a summary of the findings of Internal Audit reviews that have been completed since the previous Audit Committee in November 2017.
Corporate Priorities	The Internal Audit Annual Plan is based on an analysis of MVDC corporate objectives, risk profile and assurance framework as well as other, factors affecting Mole Valley District Council.
The Committee has the authority to determine the Recommendations	

1. 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 2015 (Regulation 5) require the Council to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”
- 1.2. The Council has delegated this responsibility to the Deputy Chief Executive (and Section 151 Officer) and appointed RSM UK (formerly Baker Tilly) as its Internal Auditor through a joint contract with neighbouring Local Authorities (Reigate & Banstead BC, Epsom & Ewell BC and Tandridge DC).

2. Progress on 2017/18 Reviews

- 2.1 RSM UK’s latest Progress Report for 2017/18 is attached as Annex A. The previous progress report was provided to the November 2017 meeting of the Audit Committee.

2.2 The Audit “opinion” following each investigation undertaken by RSM UK is categorised as follows:

Substantial (Green) – substantial assurance can be taken that the controls are suitably designed, consistently applied and effective;

Reasonable (Amber/Green) – reasonable assurance can be taken that the controls are suitably designed, consistently applied and effective;

Partial (Amber/Red) – partial assurance can be taken that the controls are suitably designed, consistently applied and effective but action needs to be taken to manage the risk;

No assurance (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 Of the seven reports that have been finalised since the previous report to the Audit Committee

- Four have a GREEN opinion given
- One has an AMBER/GREEN opinion given
- One has an AMBER/RED opinion
- One is an advisory report.

2.4 The main findings, recommendations and management actions for each review are set out in the attached report.

Financial Implications

The financial implications of each review are set out in the attached report.

Legal Implications

Under the Accounts and Audit Regulations 2015 the Council is required to ensure that it has a sound system of internal control which; (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives; (b) ensures that the financial and operational management of the authority is effective; and (c) includes effective arrangements for the management of risk.

Corporate Implications

Monitoring Officer commentary – The relevant legal implications have been considered in the report.

S151 Officer commentary - The s151 Officer confirms that all relevant financial risks and implications have been considered in this report

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

- Risk based coverage such as Risk Management and Corporate Governance Reviews.
- 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.