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Date	25 July 2019
Ward (s) affected	All Wards

Subject	Internal Audit Progress Report
<p>Recommendations</p> <p>That the Audit Committee:</p> <ul style="list-style-type: none"> i. Notes the progress against the 2019-20 Audit Plan as set out in Appendix A ii. Notes the progress to implement recommendations from Internal Audit Reports undertaken in 2018/19 	
<p>Executive Summary</p> <p>This report provides a summary of the findings of Internal Audit reviews that have been completed since 1 April 2019. It also summaries progress to implement ‘High’ and ‘Medium’ priority recommendations arising from the 2018/19 programme of Internal Audits.</p> <p>There is one appendix:</p> <p>Appendix A: Southern Internal Audit Progress Report (July 2019)</p>	
<p>Corporate Priorities</p> <p>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.</p>	
<p>The Committee has the authority to determine the Recommendations</p>	

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 has appointed Southern Internal Audit Partnership (SIAP) as its Internal Auditor through a Partnership Agreement.

2 Progress on 2019/20 Audit Plan

2.1 SIAPs Progress Report July 2019 is attached as Appendix A.

2.2 The Assurance Opinion given by SIAP is categorised as follows:

Assurance Opinion	Framework of governance, risk management and management control
Substantial	A sound framework of internal control is in place and is operating effectively. No risks to the achievement of system objectives have been identified.
Adequate	Basically a sound framework of internal control with opportunities to improve controls and / or compliance with the control framework. No significant risks to the achievement of system objectives have been identified.
Limited	Significant weakness identified in the framework of internal control and / or compliance with the control framework which could place the achievement of system objectives at risk.
No	Fundamental weakness identified in the framework of internal control or the framework is ineffective or absent with significant risks to the achievement of system objectives.

2.3 Of the 3 reports that have been finalised:

2 have a Substantial opinion given:

- Health and Leisure Facilities (contract management)
- Working in Partnership

1 has an Adequate opinion given:

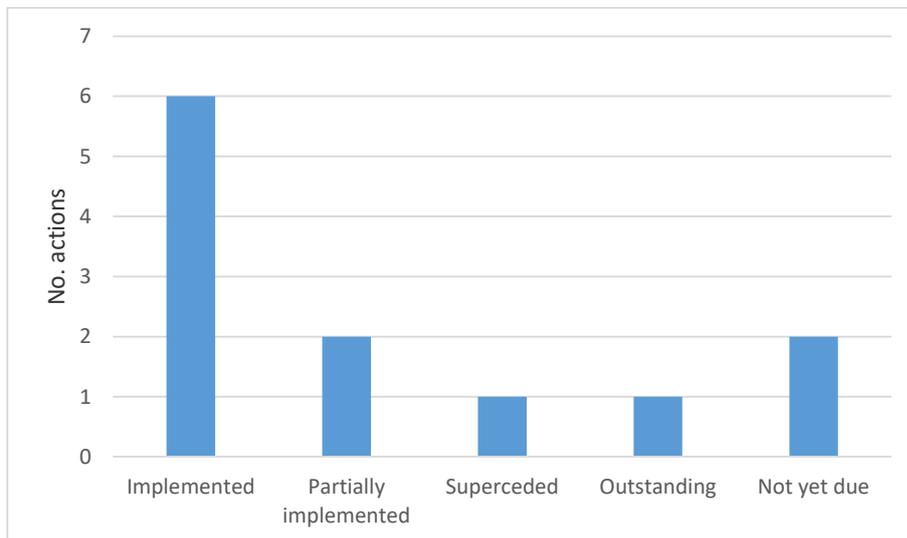
- Payroll

2.4 Further details can be found in Appendix A.

3. Progress to implement recommendations arising from 2018/19 Audits

3.1 Following termination of the contract with the previous Internal Auditors (RSM), Mole Valley District Council has taken responsibility for monitoring progress to implement any agreed 'High' and 'Medium' priority recommendations arising from audits undertaken during 2018/19.

3.2 There were 12 high and medium priority recommendations agreed. The graph below confirms their current status:



3.3 Two high priority recommendations have been partially implemented to date. One relates to procurement of a contract for parking cash collection. This is now part of a wider procurement which encompasses cash collection for other services. The work is due to be completed by the end of the financial year.

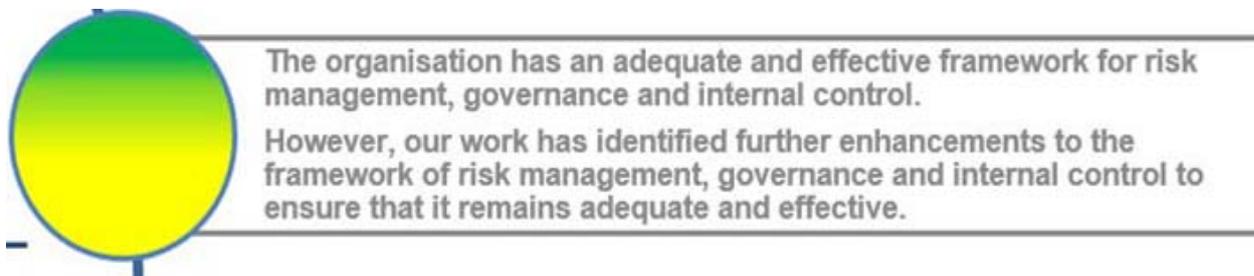
3.4 The second relates to undertaking a strategic business assessment for the shared Environmental Health Partnership. A draft assessment has been completed. It is due to be shared at a Joint Partnership Board meeting later this year and the assessment finalised by the end of the financial year.

3.5 One medium priority recommendation is currently outstanding. This relates to establishment of a strategic plan for the transition to a shared IT system in relation to the Environmental Health Shared Partnership. Since this audit was undertaken, the MVDC Cabinet approved the request of the Senior Management Team at Tandridge District Council to increase the services delivered by the Shared Environmental Health and Licensing Service. Through the approval of this request, Tandridge District Council have agreed to review the total budget for environmental health & licensing service delivery across both districts and ensure the appropriate appointment of costs. The plan for transition to a shared IT system will follow the review of budgets and is likely to be completed by March 2020.

3.6 One medium priority recommendation has been superseded. This relates to work to update the property maintenance policy. This has been superseded by the proposal for all property maintenance to form part of a 5 year rolling planned preventative maintenance programme which, together with contract aggregation and implementation of term contracts, forms a large part of a proposed corporate landlord approach. This work is underway and is due to be rolled out across the organisation during 2019/20.

4.0 Annual Internal Audit Report 2018/19

- 4.1 A draft annual report issued by RSM was considered by the audit committee in February 2019. The final report has been completed and confirmed that the overall opinion remains as follows:



Financial Implications

There are no financial implications arising as a direct result of this 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 monitoring officer confirms that 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.

Management actions agreed as part of an Internal Audit are designed to mitigate any risks identified.

Equalities Implications – None directly arising as a result of this report.

Employment Issues – None directly arising as a result of this report.

Sustainability Issues – None directly arising as a result of this report.

Background Papers

Annual Internal Audit Report 2018/19. RSM.