

**HERTFORDSHIRE COUNTY COUNCIL – SIAS INTERNAL AUDIT PROGRESS
REPORT**

Report of the Director of Resources

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1. Purpose of Report

- 1.1 To provide Members of the Audit Committee with information on the delivery of the Council's Internal Audit Plan as at 29 June 2018, covering:-
- a) Progress made by the Shared Internal Audit Service (SIAS) in delivering the Hertfordshire County Council Internal Audit Plan for 2018/19
 - b) Proposed amendments to the approved 2018/19 Audit Plan
 - c) 'Limited Assurance' audits issued since the last meeting of this Committee.
 - d) Implementation status of previously agreed:
 - high priority audit recommendations and agreement to remove completed actions; and
 - medium priority recommendations
 - e) An update on performance management information.

2. Background

- 2.1 Local government is statutorily required to have an internal audit function. The Accounts and Audit Regulations 2015 require that 'a relevant authority must 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'.
- 2.2 In addition, a council's Chief Finance Officer has a statutory duty under Section 151 of the Local Government Act 1972 to establish a clear framework for the proper administration of the authority's financial affairs. To fulfil this requirement, the S151 officer relies, amongst other sources, upon the work of internal audit.

- 2.3 The work of Internal Audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. It is considered good practice that progress reports also include proposed amendments to the agreed annual audit plan.
- 2.4 The 2018/19 Hertfordshire County Council Audit Plan was approved by the Audit Committee on 26 March 2018. The Audit Committee receives periodic progress updates against the Internal Audit Plan. This is the first update report for the 2018/19 financial year, appended as Appendix 1 to this report.

3 Summary

- 3.1 As at 29 June 2018, 17% of the 2018/19 Internal Audit Plan days have been delivered and 11% of the total planned projects have been completed to draft report stage (both with annual targets of 95% delivery).
- 3.2 The progress report includes the outcomes of seven assurance projects completed since the previous update to the Audit Committee, two of which relate to activities from the 2018/19 Internal Audit Plan.
- 3.3 Three in-year amendments have been proposed to the approved Internal Audit plan, these relating to Service areas of Resources, Schools and Grant Certifications. The current balance of remaining contingency time totals 107 days.
- 3.4 No new limited assurance opinions or high priority recommendations are included within this progress report.
- 3.5 In respect of the implementation status of management actions, two outstanding high priority recommendations are reported as having revised implementation dates. For the 70 outstanding medium priority recommendations, 37% are confirmed as implemented, 46% have revised implementation dates and for 17% management updates are still awaited.
- 3.6 Finally, Audit Committee Members are informed of revisions to the Internal Audit classifications and definitions for assurance levels and recommendation priorities, which took effect from 1 April 2018.

4. Recommendations

The Committee:-

- a) Notes the Internal Audit Progress Report.
- b) Approves the proposed in year changes to the Council's 2018/19 Internal Audit Plan.
- c) Notes the progress update on the implementation status of outstanding high priority recommendations.