

Internal Audit Progress Report 2021/22

February 2022 (Q3)

Reigate & Banstead Borough Council



**Southern Internal
Audit Partnership**

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1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body 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.’

The standards for ‘proper practices’ are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

The role of internal audit is best summarised through its definition within the Standards, as an:

‘Independent, objective assurance and consulting activity designed to add value and improve an organisations’ operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisations’ objectives.

2. Purpose of report

In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

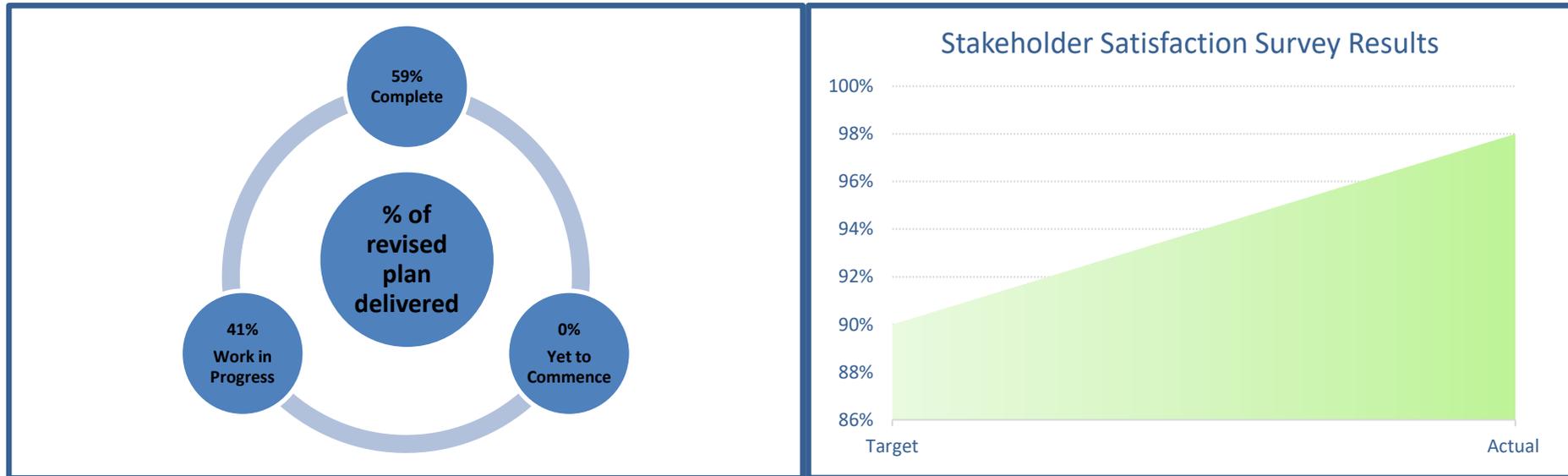
- The status of ‘live’ internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor’s annual opinion.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. The assurance opinions are categorised as follows:

Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

** Some reports listed within this progress report (pre 2020-21 audit plan) refer to categorisations used by SIAP prior to adoption of the CIPFA standard definitions, reference is provided at Annex 3*

3. Performance dashboard



Compliance with Public Sector Internal Audit Standards

An External Quality Assessment of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. The report concluded:

'The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles. It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles. We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN). We are pleased to report that SIAP conform with all relevant, associated elements.'

4. Analysis of 'Live' audit reviews

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Actions*	Not Yet Due	Complete	Overdue		
							L	M	H
Human Resources and Organisational Development	03.10.19	HofOD	Adequate	7(0)	0(0)	6(0)	1		
Council Tax	05.02.20	HofRB&F	Adequate	6(2)	0(0)	5(2)		1	
Risk Management	03.02.21	HofP&P	Reasonable	3(0)	2(0)	1(0)			
Cyber Security	04.02.21	HofIT	Reasonable	7(4)	0(0)	5(2)			2
Fleet Management	06.04.21	HofNO	Limited	16(3)	0(0)	15(3)		1	
Procurement	05.05.21	HofF	Limited	8(0)	0(0)	1(0)		7	
IT Disaster Recovery	27.05.21	HofIT	Limited	8(6)	5(5)	1(1)		2	
Environmental Health & Licensing	25.10.21	HofNO	Limited	13(1)	1(0)	10(1)	1	1	
Information Governance	06.12.21	HofIT	Reasonable	3(0)	3(0)	0(0)			
IT Governance – Software Licensing	16.02.22	HofIT	Reasonable	2(1)	2(1)	0(0)			
IT Virtualisation	16.02.22	HofIT	Reasonable	5(4)	4(3)	1(1)			
Total				78(21)	17(9)	45(10)	2	12	2

*Total number of actions (total number of high priority actions)

5. Executive Summaries of reports published concluding a ‘Limited’ or ‘No’ assurance opinion

There have been no new final reports published concluding a “Limited” or “No” assurance opinion since the last progress report in November 2021.

6. Planning & Resourcing

The internal audit plan for 2021-22 was presented to Corporate Governance Group and the Audit Committee in March 2021.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. Progress against the plan is detailed within section 7.

7. Rolling Work Programme 2021/22

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
2020/21 Reviews								
HR - Establishment Controls	HofF	✓	✓	✓	✓	✓	Limited	
Environmental Health & Licensing	HofNO	✓	✓	✓	✓	✓	Limited	
2021/22 Reviews								
Corporate								
Financial Resilience	HofF	✓						
Governance								
Contract Management	HofL&G	✓	✓	✓				
HR - Absence Management	HofOD	✓	✓	✓	✓			
Information Governance	HofIT	✓	✓	✓	✓	✓	Reasonable	
Annual Governance Statement	HofF	✓	✓	✓	✓	✓	Substantial	
Capital Programme	HofF	✓	✓	✓				

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
IT								
IT Governance	HofIT	✓	✓	✓	✓	✓	Reasonable	
Virtualisation (Networking & Communications)	HofIT	✓	✓	✓	✓	✓	Reasonable	
Core Financial Reviews								
Accounts Payable	HofF	✓	✓	✓				Close of audit meeting held on 21/2/2022. Report pending
Accounts Receivable & Debt Management	HofF	✓	✓	✓	✓	✓	Substantial	
Harlequin Centre – Income, Banking & Reconciliation	HofF	✓	✓	✓	✓	✓	Limited	
Compliance & Enforcement Grant	HofF	✓	✓	✓	n/a	✓	n/a	Grant certification
Local Government Compensation Scheme	HofF	✓	✓	✓	✓	✓	n/a	Grant certification
Cultural Recovery Fund	HofF	✓	✓	✓	n/a	✓	n/a	Grant certification
Organisation								
Property Management & Maintenance	HofF	✓	✓	✓	✓			Additional evidence provided to SIAP
Place								
Parking & Enforcement	HofNO	✓						
Disabled Facility Grants	HofNO	✓	✓	✓	✓	✓	Reasonable	

Audit Sponsors			
HofCPP&BA	Head of Corporate Policy, Projects & Business Assurance	HofW&I	Head of Wellbeing and Intervention
HofOD	Head of Organisational Development	HofCP	Head of Community Partnerships
HofIT	Head of IT	HofC&CC	Head of Communications and Customer Contact
HofL&G	Head of Legal and Governance	HofP	Head of Planning
HofF	Head of Finance	HofPD	Head of Place Delivery
HofH	Head of Housing	HofEP	Head of Economic Prosperity
HofRB&F	Head of Revenues Benefits and Fraud	HofNO	Head of Neighbourhood Operations

8. Adjustment to the Internal Audit Plan

There have been the following amendments to the plan:

Plan Variations for 2021/22	
Added to the plan	Reason
Compliance & Enforcement Grant	A number of days are included in the Annual Plan to allow for work in relation to Covid. This area of work has now been confirmed and will make use of an element of the agreed allowance and has consequently been added into the plan.
Local Government Compensation Scheme	A number of days are included in the Annual Plan to allow for work in relation to Covid. This area of work has now been confirmed and will make use of an element of the agreed allowance and has consequently been added into the plan.
Cultural Recovery Fund	A number of days are included in the Annual Plan to allow for work in relation to Covid. This area of work has now been confirmed and will make use of an element of the agreed allowance and has consequently been added into the plan.
Removed from the plan	Reason
Transformation	To be incorporated in a wider review of Savings Realisation during 2022/23.
Payment Card Industry Data Security Standard	Defer until 2022/23 to take account of system changes due to be implemented and therefore look to provide assurance post implementation.

Overdue ‘High Priority’ Management Actions

Cyber Security – Reasonable Assurance			
Observation: Please see separate report.			
Management Action	Original Due Date	Revised Due Date	Latest Service Update
Please see separate report.			

Overdue 'Low & Medium Priority' Management Actions

Audit Review	Report Date	Opinion	Priority	Due Date	Revised Due Date
Human Resources and Organisational Development	03.10.2019	Adequate	Low	30.04.2020	TBC
Council Tax	05.02.2020	Adequate	Medium	01.04.2020	31.03.2022
Fleet Management	06.04.2021	Limited	Medium	31.12.2021	31.03.2022
Procurement	05.05.2021	Limited	Medium	31.12.2021	30.06.2022
			Medium	31.12.2021	30.06.2022
			Medium	31.12.2021	30.06.2022
			Medium	31.12.2021	30.06.2022
			Medium	31.12.2021	30.06.2022
			Medium	31.12.2021	30.06.2022
IT Disaster Recovery	27.05.2021	Limited	Medium	31.12.2021	31.03.2022
			Medium	31.12.2021	31.03.2022
Environmental Health & Licensing	25.10.2021	Limited	Medium	31.01.2022	30.04.2022
			Low	31.12.2021	31.03.2022

Reigate & Banstead Borough Council Assurance Opinions (Pre 2020-21)

- 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.