

Internal Audit Plan

2021-22 / 2023/24

Reigate & Banstead Borough Council



**Southern Internal
Audit Partnership**

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Introduction

The role of internal audit is that of 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 organisation's objectives.

The aim of internal audit's work programme is to provide independent and objective assurance to management, in relation to the business activities; systems or processes under review that:

- the framework of internal control, risk management and governance is appropriate and operating effectively; and
- risk to the achievement of the Council's objectives is identified, assessed and managed to a defined acceptable level.

The internal audit plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.

Internal Audit focus should be proportionate and appropriately aligned. The plan will remain fluid and subject to on-going review and amendment, in consultation with the Senior Management Team and Audit Sponsors, to ensure it continues to reflect the needs of the Council. Amendments to the plan will be identified through the Southern Internal Audit Partnership's continued contact and liaison with those responsible for the governance of the Council.

Your Internal Audit Team

Your internal audit service is provided by the Southern Internal Audit Partnership. The team will be led by Natalie Jerams, Assistant Head of Southern Internal Audit Partnership, supported by Joanne Barrett, Audit Manager.

Conformance with internal auditing standards

The Southern Internal Audit Partnership service is designed to conform to the Public Sector Internal Audit Standards (PSIAS). Under the PSIAS there is a requirement for audit services to have an external quality assessment every five years. In September 2020, the Institute of Internal Auditors were commissioned to complete an external quality assessment of the Southern Internal Audit Partnership against the PSIAS, Local Government Application Note and the International Professional Practices Framework.

In selecting the Institute of Internal Auditors (IIA) a conscious effort was taken to ensure the external assessment was undertaken by the most credible source. As the authors of the Standards and the leading Internal Audit authority nationally and internationally the IIA were excellently positioned to undertake the external assessment.

In considering all sources of evidence the external assessment team concluded:

'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.'

Conflicts of Interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

Reigate & Banstead 2025 - 5 Year Plan

Reigate & Banstead Borough Council have adopted a 5-year plan for the 2020-25 period. The plan sets out the Council's priorities and explains how they will focus resources and deliver services to those living, working and spending time in the borough. The plan is based around a vision for the borough, with priorities set around three key themes.

Vision:

To be recognised by our residents, businesses and partners as a great Council. This means: delivering quality services and support; providing value for money; making the borough a great place to live, work in, do business and visit; being proactive about tackling climate change and reducing our environmental impact; and ; being flexible and sustainable, responding to the needs and demands of our borough, residents and businesses.

Commitments:

People

Housing: Secure the delivery of homes that can be afforded by local people and which provide a wider choice of tenure, type and size.

Communities and community safety: Work with partners to create strong, safe and welcoming communities.

Vulnerable residents: Provide targeted and proactive support for our most vulnerable residents.

Leisure and wellbeing: Provide leisure, cultural and wellbeing services that are accessible to, and meet the needs of, communities and visitors.

Place

Towns and villages: With our partners, invest in our town and village centres, so they continue to be places where people choose to live, work, do business and visit.

Economic prosperity: Drive the continued economic prosperity of the borough, facilitate improved business infrastructure, and confirm the borough's reputation as a great place to do business.

Shaping our places: Ensure new development is properly planned, sustainable, and benefits the borough's communities and the wider area.

Clean and green spaces: Provide high quality neighbourhood services to ensure that the borough continues to be clean and attractive and local people have access to the services and facilities they need.

Environmental sustainability: Reduce our own environmental impact, support local residents and businesses to do the same, and make sure our activities increase the borough's resilience to the effects of climate change.

Organisation

Financial sustainability: Be a financially self-sustaining Council. Funding our services: Generate additional income and build our financial resilience, in order to sustain services, through responsible and sustainable commercial activities.

Operational assets: Ensure that our operational assets (things like our estate, equipment, IT and vehicles) are fit for purpose.

Skills and great people: Ensure the Council (councillors and officers) has the right skills to deliver this plan.

Council Risk

The Council have a clear framework and approach to risk management. The strategic risks assessed by the Council are a key focus of our planning for the year to ensure it meets the organisation's assurance needs and contributes to the achievement of their objectives. We will monitor the strategic risk register closely over the course of the year to ensure our plan remains agile to the rapidly changing landscape.

Ref	Risk Description
SR1	<p>COVID-19 pandemic -The Council will continue to respond to the COVID-19 pandemic in supporting residents, businesses as well as other partner public sector organisations. The effects of the pandemic, coupled with the ongoing response, could result in significant disruption to the delivery of services and the achievement of corporate objectives.</p>
SR2	<p>Financial sustainability -In the wake of the COVID-19 pandemic and resultant recession, the Council faces a period of unprecedented financial uncertainty. The most significant risks relate to the extent to which the Government will fund the unplanned expenditure that is being incurred to deliver the Council's COVID-19 responsibilities at the same time as experiencing material reductions in income from fees and charges and local taxes. If this substantial financial burden is not mitigated through direct Government support, then these unplanned financial pressures will have an adverse impact on the Council's capacity to deliver against its Corporate Plan ambitions. The delivery of corporate plan objectives will similarly be jeopardised if the Council is unable to secure additional income streams.</p> <p>The ongoing financial settlement with the Government also remains uncertain.</p> <p>The Council is therefore increasingly reliant on income derived, and to be derived and generated, from investments, fees and charges and commercial activities – the ability to do so, however, may be further restricted by changes in legislation, regulations and codes of practice. Commercial activity and investments are similarly not without risk.</p>
SR3	<p>Local government reorganisation - A reorganisation of local government could be prompted by a range of scenarios and circumstances, including the financial failure of an authority within Surrey or as part of the government's devolution agenda.</p> <p>A White Paper on English devolution and local recovery is expected in the latter part of 2021, delayed from autumn 2020.</p> <p>The uncertainty surrounding, and subsequent results of, any local government reorganisation could adversely affect the Council and the delivery of services for residents.</p>
SR4	<p>Organisational capacity and culture - The Council has adopted an ambitious Corporate Plan, supported by a capital investment, housing and Great People strategy. The COVID-19 pandemic has changed the way the Council operates, the context within which it does so, and will similarly drastically change the organisational culture and ways of working.</p> <p>The Council will continue to be ambitious and new ways of working will need to be embraced by both members and officers in order for objectives to be achieved. Key to this is ensuring that staff welfare and wellbeing is maintained, particularly in the challenging circumstances caused by the pandemic.</p> <p>The failure to remain ambitious and adapt to the ongoing challenges of the pandemic will risk the delivery of corporate objectives.</p>
SR5	<p>Economic prosperity - A prosperous economy is essential for the wellbeing of the borough, creating employment and wealth that benefits local people and businesses. The COVID-19 pandemic has resulted in significant negative impacts upon the economy, which will continue to be felt for some time.</p> <p>Prevailing economic conditions have a direct impact on the Council's financial position and likewise impacts upon the demand for Council services, particularly in terms of income derived from fees and charges and the collection of monies owed. Challenging financial circumstances for residents may also increase their reliance on Council services.</p>
SR6	<p>Reliance on the welfare system - The COVID-19 pandemic has resulted in increasing numbers of residents being reliant upon the welfare system as the economy is negatively impacted. This increases the risk of household budgets being stretched. The latter could result in an increase in cost pressures on the Council as our services are increasingly relied upon.</p>

Ref	Risk Description
SR7	<p>Cyber security - Organisations are at an ever-increasing risk of cyber-attack as the use of digital systems and technologies increases, particularly as home working has become the norm in response to the COVID-19 pandemic.</p> <p>More sophisticated attacks and new variants of malicious software underscore the risk of corporate defences being compromised.</p> <p>The effects of a cyber-attack are wide and varied though at their worst could result in data destruction and theft, as well as significant disruption to the delivery of services.</p>
SR8	<p>Fraud - Due to the wide range of activities undertaken by the Council, there is a risk of fraud being committed. The latter is exacerbated by the new areas of activity which the Council has launched following the COVID-19 pandemic.</p>
SR9	<p>Marketfield Way - Marketfield Way is a major place delivery project for the Council and is critical to shaping Redhill and ensuring the town's continued vitality. It will also generate income which can be reinvested in Council services.</p> <p>The ongoing economic fallout of the COVID-19 pandemic may have negative impacts on this development, particularly with regards to securing commercial tenants and its consequent financial viability.</p>
SR10	<p>Gatwick Airport - The COVID-19 pandemic will continue to negatively impact on Gatwick airport. The outbreak has seen a large reduction in air travel which can be expected to continue for the foreseeable future due to the negative economic outlook and ongoing global travel restrictions.</p> <p>As a key local employer, the financial position of the airport will affect local employment, which may result in an increased number of residents seeking support from the Council.</p> <p>Moreover, despite the negative economic outlook, Gatwick Airport have indicated that they will continue to pursue their previously announced expansion plans. An intensification or expansion of Gatwick has attendant local environmental and infrastructural risks.</p>
SR11	<p>Reform of the planning system - Following the publication of the 'Planning for the Future' white paper, the government is consulting on changes to planning system.</p> <p>Whilst the proposals are at an early stage, the current White Paper proposes increasing the threshold at which affordable housing is required from developments from 10 units to 40 or 50.</p> <p>Given the large number of developments in the borough offering 11-40 homes, the increase in the threshold to 40 would reduce RBBC's delivery of affordable housing by up to approximately 60%.</p> <p>This change could therefore negatively impact delivery of affordable housing in the borough.</p>

*Strategic Risks as per the Draft Strategic Risk Register due to be presented to Audit Committee in March 2021

Developing the internal audit plan 2021-22 / 2023-24

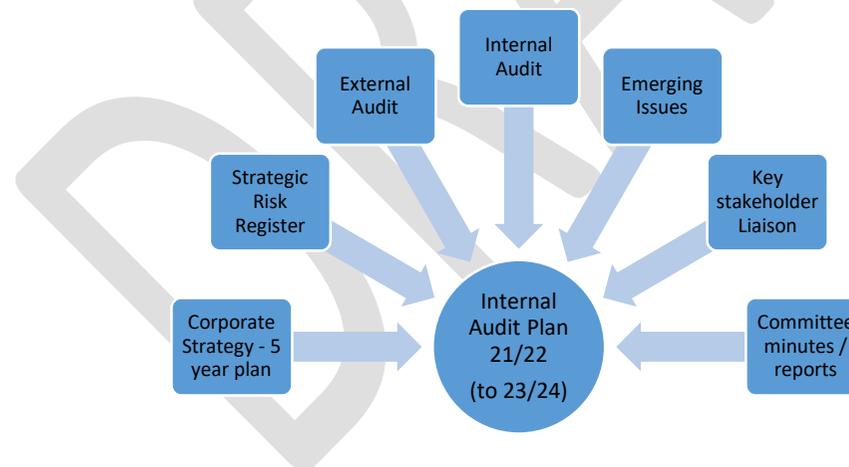
We have used various sources of information and discussed priorities for internal audit with the following groups:

- Corporate Governance Group
- Interim Head of Finance & Assets (S151 Officer)
- Directors & Heads of Service
- Audit Committee
- Other key stakeholders

Based on these conversations with key stakeholders, review of key corporate documents and our understanding of the organisation the Southern Internal Audit Partnership have developed an annual audit strategy for 2021-22 / 2023-24.

The Council are reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers to ensure that duplication is minimised and a suitable breadth of assurance is obtained.



Internal Audit Plan

Audit	Risk/Scope	Strategic Risk(s)	Previous IA Coverage	2021-22	2022-23	2023-24
Corporate						
Programme & Project Management	Assurance over project management framework and compliance in relation to delivery on live / ongoing projects through the PMO.	SR9	2020/21 (Marketfield Way) 2019/20 (position statement)		✓	
Alternative Delivery Models	Unique methods of service delivery with the potential for loss of control / ownership. Assurance over governance, rights of access, third party assurance, contingencies, exit strategies, hosting arrangements, accountability.	SR3			✓	
Financial Resilience	Impact of COVID, reassessment of financial risks and impact of assumptions in the MTFS (income, reserves, investments). Implications on future saving programmes / work streams. Also consider the impact on debt recovery.	SR1, SR2	2020/21 2017/18	Q4		✓
Working in Partnership	Working alongside different cultures. Potential for some loss of control / ownership of service delivery. Assurance over governance, rights of access, third party assurance, contingency arrangements, exit strategy, hosting arrangements (accountabilities), benefit realisation. Focus on non-commercial partnerships and Inter Authority Agreements (IAAs).	SR3			✓	

Audit	Risk/Scope	Strategic Risk(s)	Previous IA Coverage	2021-22	2022-23	2023-24
Corporate Plan	Assurances over the delivery of the Corporate Plan. Environmental Sustainability is a key priority within the Corporate Plan.	SR1, SR2, SR3, SR4, SR5, SR9, SR11	2019/20 2016/17		✓	
Transformation	To meet future financial challenges and enable improved and more efficient services. To include digitalisation (new ways of working, CRM, AI, robotics etc.)	SR2, SR3,	2017/18	Q3		
Governance						
Decision Making & Accountability	Assurance over the effectiveness and transparency of the decision-making process at officer and Member level. To consider governance, accuracy and timeliness of information including consultation with the public as necessary.	SR4	2020/21 2019/20		✓	
Risk Management	Assurance over the risk management framework including governance, transparency and maturity.		2020/21 2018/19 2017/18 2016/17		✓	
Fraud & Irregularities	Cyclical assurance over the governance arrangements to prevent, detect and investigate fraud and irregularities.	SR8	2019/20			✓
Contract Management	Review of contract management arrangements and compliance across a selection of contracts in place.		2018/19 2015/16	Q1		✓

Audit	Risk/Scope	Strategic Risk(s)	Previous IA Coverage	2021-22	2022-23	2023-24
Human Resources & Organisational Development	Assurances over the audit cycle to cover: <ul style="list-style-type: none"> • Performance Management • Absence Management • Officer Recruitment • Officer Training & Development • Workforce Strategy / Development • Flexible Working • Use of Volunteers. 2021/22 focus to be Absence Management.	SR4	2019/20 2015/16	Q2		
Commissioning & Procurement	Assurance over the effective identification and assessment of organisational needs to maximise value for money and efficiencies through procurement. Assurance over compliance with contract procedure rules and legislative requirements. Analysis of spend both off and on contract.		2020/21 2018/19 2015/16		✓	
Health & Safety	Effective H&S strategy in place and operating effectively with effective governance, accountability and issue resolution.		2020/21 (COVID specific) 2016/17		✓	
Information Governance	Assurance over information governance arrangements to include FOI, SAR, Transparency and General Data Protection Regulation (GDPR).		2018/19	Q1		✓
Ethical Governance	Evaluation of the design, implementation and effectiveness of RBBC's ethics-related objectives, equalities, programmes and activities (Officers & Members Code of Conduct).		2019/20		✓	

Audit	Risk/Scope	Strategic Risk(s)	Previous IA Coverage	2021-22	2022-23	2023-24
COVID-19: Contingency	To review new systems and processes implemented by the Council due to new and emerging risks from COVID-19. Including ongoing recovery, grant payments, Local Government Compensation Scheme payments.	SR1		✓ TBC		
Business Continuity & Emergency Planning	Assurance over planning for extreme events that may lead to delays in responding to situations resulting in increased costs and staff resources including <ul style="list-style-type: none"> • Business Continuity Plan • Emergency Plan. 	SR1	2020/21 (COVID-19 specific) 2016/17		✓	
Annual Governance Statement	Cyclical assurance over the governance arrangements to compile, contribute and deliver the AGS.			Q2		
Capital Programme	Assurance over the delivery of the Capital Programme.			Q3		
IT						
IT Governance	Review of IT strategy, policies, standards and procedures. Other potential areas for consideration to include IT asset management, change management and software licensing.			Q4		
Data Management	Review of data centre facilities and security including storage and back-up. To also consider database management.				✓	

Audit	Risk/Scope	Strategic Risk(s)	Previous IA Coverage	2021-22	2022-23	2023-24
Information Security	Review of security controls (including remote access) and cloud storage. To also consider network security and infrastructure management	SR7	2020/21 2016/17			✓
Cyber Security	Review of cyber security arrangements (including Phishing, Smishing etc.), security controls (including remote access) against the Cyber Essentials Scheme.	SR7, SR8	2020/21			✓
System Development & Implementation	Systems Life Cycle, Project Management and Application Management.		2019/20 2016/17		✓	
IT Disaster Recovery	Disaster recovery, system resilience.	SR7	2020/21			✓
Networking & Communications	Network management. Virtualisation, operating systems, communication platforms.			Q2		
Payment Card Industry Data Security Standard	Compliance to meet industry standards		2018/19	Q3		✓
Mobile Working	Initiatives to promote agile working. Security (physical, environmental and technical) of data and hardware.				✓	
Core Financial Reviews						
Housing Benefits			2020/21 2017/18			✓
Council Tax			2019/20 2017/18		✓	
Accounts Payable			2018/19 2017/18	Q2		
Accounts Receivable / Debt Management	Programme of cyclical systems reviews		2018/19 2016/17	Q3		

Audit	Risk/Scope	Strategic Risk(s)	Previous IA Coverage	2021-22	2022-23	2023-24
Main Accounting			2019/20 2018/19 2016/17		✓	
Treasury Management			2020/21 2018/19 2016/17			✓
Income Collection			2019/20		✓	
NNDR			2019/20 2017/18		✓	
Payroll			2020/21 2018/19 2017/18			✓
Banking & Reconciliations				Q1		
Organisation						
Property Management & Maintenance	Assurance over effectiveness and delivery repairs and maintenance to non-housing assets (planned & reactive).		2018/19	Q1		
Investments	Assurance over the governance, development, accountabilities, viability and outcomes of Investment Strategy. Significant financial expectations through the successful delivery of the IS to meet savings targets (incl. review of Asset Management Plan).	SR2	2019/20		✓	
Income Generation & Commercialisation	Effectiveness of income generation / maximisation (rental income and leases, optimal use of subsidies, fees and charges). Review of relevant strategies based on financial pressures. Setup and future deliverables of investment companies.	SR2			✓	

Audit	Risk/Scope	Strategic Risk(s)	Previous IA Coverage	2021-22	2022-23	2023-24
People						
Homelessness	Assurance over management and prevention of homelessness. Working in partnership with housing associations and purchase of property to provide temporary / emergency accommodation.	SR5	2020/21 2017/18			✓
Housing (including Affordable Housing)	Effective Housing Policy and procedures to achieve desired outcomes. Development and delivery of the Housing Strategy (project management.) Opportunities for development and alternative methods of delivery to meet organisational and national priorities for Affordable Housing.	SR2, SR6, SR11	2019/20 2017/18		✓	
Community Safety	Response to community safety and anti-social behaviour. To include PREVENT, Reigate & Banstead Community Safety Partnership.					✓
Health & Leisure Facilities	Thematic reviews based on areas of significant risk. To include contract management of leisure centres. The community centres and The Harlequin Theatre & Cinema are run in-house inherent risks cash handling, procurement, H&S, safeguarding.		2018/19		✓	
Community Development	Assurances over services designed to empower communities to identify and develop their strengths and support effective multi-agency partnership working. Inherent risks include funding, demand, safeguarding.					✓

Audit	Risk/Scope	Strategic Risk(s)	Previous IA Coverage	2021-22	2022-23	2023-24
Place						
Refuse, Recycling & Street Cleansing	In-house responsibilities for household, clinical waste and recycling collection in addition to recycling sites / banks. Some commercial activity through garden / bulky / trade waste collection. Future risks include reduced recycling credits.		2019/20			✓
JET	The JET provides a visible presence & neighbourhood services. Inherent risks of H&S, safeguarding etc.					✓
Environmental Health & Licensing	In-house delivery with some opportunities to provide services / advice to other LA's. Legislative changes could increase licensing and enforcement activity (i.e. HMO's).		2020/21			✓
Development Management & Planning Policy	Development Management (planning applications, appeals, enforcement); Planning Policy (local plan, CIL, S106).		2019/20 2018/19 2017/18		✓	
Parks & Countryside	Grounds maintenance of parks, cemetery and open spaces in addition to road verges on behalf of Surrey County Council.				✓	
Regeneration	Programme management, governance and reporting of key projects against desired outcomes.					✓
Economic Prosperity	Support to help local businesses start, develop and grow. Includes administering business support grants.	SR5				✓

Audit	Risk/Scope	Strategic Risk(s)	Previous IA Coverage	2021-22	2022-23	2023-24
Parking & Enforcement	Assurance over service delivery in addition to existing agreements with other authorities (i.e. SCC, Tandridge on-street parking). Inherent risk of cash handling and contract management.		2017/18 2016/17	Q4		
Disabled Facility Grants	Administration and compliance with local / legislative requirements.		2015/16	Q1		
Fleet Management	To cover the council's management of its fleet including procurement, maintenance and renewal. Existing fleet coming towards the end of its service life. Significant volume of MOT's through the workshop (licensed taxi's)		2020/21 2015/16		✓	
Other						
Management	To include annual planning, reporting and attendance at SMT, Corporate Governance Group and Overview & Scrutiny Committee, action tracking, liaison with key stakeholders and annual report and opinion.			✓	✓	✓
Total days				170	180	180

The strategic risk relating to the impact of COVID will be considered when scoping each review throughout the year (where applicable).

2021/22 Audit Plan Overview

Audit	Quarter
Corporate	
Financial Resilience	Q4
Transformation	Q3
Governance	
Contract Management	Q1
Human Resources & Organisational Development	Q2
Information Governance	Q1
COVID-19: Contingency	TBC
Annual Governance Statement	Q2
Capital Programme	Q3
IT	
IT Governance	Q4
Networking & Communications	Q2
Payment Card Industry Data Security Standard	Q3
Core Financials	
Banking & Reconciliations	Q1
Accounts Payable	Q2
Accounts Receivable / Debt Management	Q3
Organisation	
Property Management & Maintenance	Q1
Place	
Parking & Enforcement	Q4
Disabled Facility Grants	Q1
Other	
Management	On-going
Total Days	170