

Internal Audit Progress Report 2020/21

January 2021

Reigate & Banstead Borough Council



**Southern Internal
Audit Partnership**

Contents:

1.	Role of Internal Audit	3
2.	Purpose of report	4
3.	Performance dashboard	5
4.	Analysis of 'Live' audit reviews	6
5.	Executive summaries 'Limited' and 'No' assurance opinions	7
6.	Planning and resourcing	7
7.	Rolling work programme	8-9
8.	Adjustments to the Plan	10
	Annex 1 – Previous R&BBC Assurance Opinions	11

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.

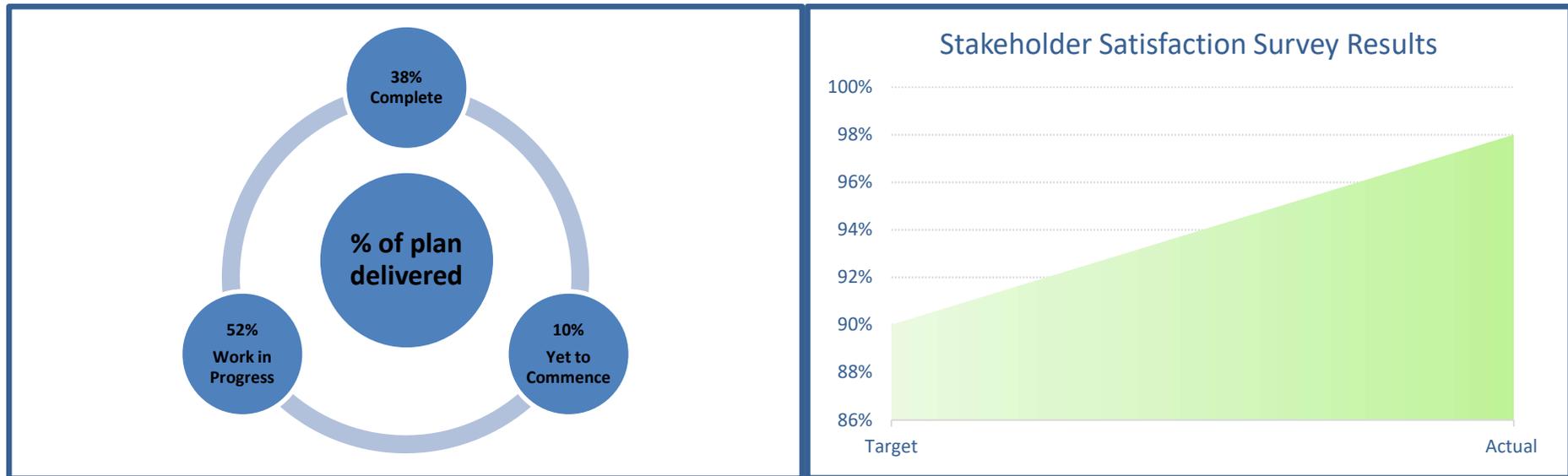
CIPFA have recently released a paper which examined the case for standardising the terminology and definitions used in internal audit engagements across the whole of the public sector and has subsequently recommended a standard set of opinions and supporting definitions for internal audit service providers to use.

To ensure we continue to conform to the best practice principles, we will be adopting the standard definitions for our 2020/21 work and moving forwards. 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 1*

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 Action(s)	Not Accepted	Not Yet Due	Complete	Overdue		
								L	M	H
Human Resources and Organisational Development	03.10.19	HofOD	Adequate	7(0)	0(0)	0(0)	1(0)	6		
Refuse, Recycling and Street Cleansing	15.10.19	HofNO	Adequate	15(3)	0(0)	0(0)	14(3)		1	
NNDR	05.02.20	HofRB&F	Adequate	3(2)	0(0)	0(0)	2(2)		1	
Council Tax	05.02.20	HofRB&F	Adequate	6(2)	0(0)	0(0)	3(2)		3	
Planning Enforcement	05.03.20	HofP	Adequate	2(0)	0(0)	0(0)	0(0)	2		
Ethical Governance	01.04.20	HofL&G	Adequate	5(0)	0(0)	1(0)	3(0)	1		
Risk Management	03.02.21	HofCP	Reasonable	3(0)	0(0)	2(0)	1(0)			
Cyber Security	04.02.21	HofIT	Reasonable	7(4)	0(0)	7(4)	0(0)			
Housing Benefits	04.02.21	HofRB&F	Substantial	1(0)	0(0)	1(0)	0(0)			
Health and Safety	04.02.21	HofNO	Reasonable	5(3)	0(0)	4(3)	1(0)			

Audit Sponsors

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

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

There are no new final reports published concluding a “limited” or “no” assurance opinion.

6. Planning & Resourcing

The scale of COVID-19 coupled with the speed of its impact and the wide-ranging challenges presented has necessitated new and different ways of working across the Council. Such challenges and subsequent resolutions bring with them new and emerging risks that management need to consider, manage, and mitigate. In response, the Southern Internal Audit Partnership engaged with the Council’s Corporate Governance Group to reprioritise the originally drafted audit plan in March 2020 to provide assurance in respect of emerging key risk areas and these are detailed within section 8 of this report.

The revised internal audit plan for 2020-21 was presented to Corporate Governance Group and the Audit Committee in July 2020.

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

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Corporate								
Programme & Project Management	HofP&P	✓	✓	✓	✓	✓	Substantial	
Financial Resilience	HofF&A	✓	✓	✓				
Governance								
Risk Management	HofP&P	✓	✓	✓	✓	✓	Reasonable	
Commissioning & Procurement	HofL&G	✓						
Commissioning & Procurement – Credit Cards	HofF&A	✓	✓	✓	✓			
Health & Safety	HofNO	✓	✓	✓	✓	✓	Reasonable	
COVID-19: Small Business Grants	HofF&A	✓	✓	✓	✓	✓	Substantial	
COVID-19: Discretionary Payments	HofF&A	✓	✓	✓	✓	✓	Substantial	
COVID-19: Decision Making & Governance	HofPP	✓	✓	✓	✓			
COVID-19: Emergency Response & Recovery	HofCP & HofPP	✓	✓	✓	✓	✓	Reasonable	
IT								
Information Security	HofIT	✓	✓					
Cyber Security	HofIT	✓	✓	✓	✓	✓	Reasonable	
IT Disaster Recovery	HofIT	✓	✓					
Core Financial Reviews								
Housing Benefits	HofRB&F	✓	✓	✓	✓	✓	Substantial	
Local Government Compensation Scheme (LGCS)	HofF&A	✓	✓	✓	n/a			Claim 1 and 2 assurance given.
Payroll	HofOD	✓	✓	✓				
Treasury Management	HofF&A							Q4 – scoping meeting to be arranged.

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Budgetary Control – Establishment	HofF&A							Q4 – scoping meeting booked for 10/2/2021.
People								
Homelessness	HofH	✓						
Place								
Environmental Health & Licensing	HofNO	✓	✓	✓				
Fleet Management	HofNO	✓	✓	✓	✓			

8. Adjustment to the Internal Audit Plan

There have been the following amendments to the plan:

Plan Variations for 2020/21	
Removed from the plan	Reason
Working in Partnership	Defer until 2021/22 in order to prioritise new risk areas relating to COVID-19
Community Safety	Defer until 2021/22 in order to prioritise new risk areas relating to COVID-19
Business Continuity & Emergency Planning	Scope refocused to prioritise lessons learnt from COVID-19 and recovery processes in place.
IT Governance	Defer until 2021/22 in order to prioritise new risk areas relating to COVID-19
Economic Prosperity	Defer until 2021/22 in order to prioritise new risk areas relating to COVID-19
Income Generation & Commercialisation	Defer until 2021/22. Replaced with the review of Financial Resilience.
Treasury Management	Defer until 2021/22 in order to prioritise new risk areas relating to COVID-19.
Information Governance	Defer until 2021/22 at the request of the client due to staff availability during Q4.
Contract Management	Defer until 2021/22 at the request of the client due to staff availability during Q4. To be replaced with a review of Commissioning & Procurement in 2020/21.
Payment Card Industry Data Security Standard	Defer until 2021/22 to take account of system changes due to be implemented and therefore look to provide assurance post implementation.
Added to the plan	Reason
Information Security	Deferred from 2019/20
COVID-19: Small Business Grants	Prioritised due to implications of COVID-19.
COVID-19: Discretionary Payments	Prioritised due to implications of COVID-19.
COVID-19: Decision Making & Governance	Prioritised due to implications of COVID-19.
Cyber Security	Prioritised due to implications of COVID-19.
Financial Resilience	Prioritised due to implications of COVID-19.
COVID-19: Emergency Response & Recovery	Prioritised due to implications of COVID-19.
Local Government Compensation Scheme (LGCS)	Prioritised due to implications of COVID-19.
Budgetary Control – Establishment	Included within the plan through discussions with the Interim Head of Finance and Assets to review the processes in place to monitor establishment vs budgets across the organisation.
Commissioning & Procurement	Incorporated to replace the deferred contract management review and optimise availability of key staff.
Treasury Management	Originally deferred from the 2020/21 plan in order to prioritise new risks relating to COVID-19. However, this has been reincorporated as a replacement for the Payment Card Industry Security Standard review.

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.