

# Internal Audit Plan

2022/23

Reigate & Banstead Borough Council



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**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, Deputy 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's Strategic Risks

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	<b>Covid-19 pandemic</b> - The Council will continue to respond to the Covid-19 pandemic in supporting residents, businesses as well as partner voluntary and public sector organisations. However, the effects of, and the ongoing response to, the pandemic could result in significant disruption to the delivery of services and the wider achievement of corporate objectives.
SR2	<b>Financial sustainability</b> - The effects of the Covid-19 pandemic, coupled with current adverse macroeconomic conditions and the wider local government funding context, have created conditions of unprecedented financial uncertainty and challenge for the Council. The Council is therefore increasingly reliant on generating additional income and identifying savings and efficiencies from existing budgets. If not mitigated, these financial challenges risk an adverse impact on the Council's ability to deliver its Corporate Plan objectives.
SR3	<b>Commercial investment</b> - The generation of income from commercial investment is key to the Council's financial sustainability. Following several high-profile commercial investment failures by local authorities, the ability to invest for a commercial purpose is being further restricted by changes in legislation, regulations and codes of practice. Moreover, investing for commercial purposes – either in assets or in trading services – is not without risk due to market fluctuations and factors outside of the Council's control. The risks associated with commercial investment range from the non-achievement of budgeted income to significant capital and revenue losses, as well as governance, legal and reputational issues.
SR4	<b>Economic prosperity</b> - 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 – including on sectors particularly impacted by restrictions – the effects of these will continue to be felt for some time. 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 which could result in cost pressures on the Council. The risk of the latter is exacerbated by household budgets being stretched by current high levels of inflation and rising consumer prices.
SR5	<b>Organisational capacity and culture</b> - The Covid-19 pandemic has had a significant impact on the Council, with additional demands and challenges arising alongside the need to continue to deliver on corporate objectives. The pandemic has also drastically changed the way the Council operates, the context within which it does so, with a resultant shift in the organisational culture and ways of working. As we increasingly move into recovery, these factors underscore the importance of the Council prioritising its activities and being sustainably and efficiently resourced to meet the challenges ahead. In this new context, the embedding of a robust and resilient organisational culture that successfully supports officers and members and makes the Council an attractive place to work is similarly key. The failure to do will risk the delivery of the Council's objectives.
SR6	<b>Cost pressures affecting the viability of Council developments</b> - The UK construction sector has seen an increase in building material and labour costs arising from global supply chain disruption and inflationary pressures. This disruption and increase in costs may impact the Council's ability to deliver economically viable development projects. The effects of this are multifaceted but could result in negative financial implications as well as jeopardising the delivery of strategic corporate objectives.

Ref	Risk Description
SR7	<b>Local government reorganisation, devolution and Levelling Up</b> - 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 and 'Levelling Up' agenda. The uncertainty surrounding, and subsequent results of, any local government reorganisation could adversely affect the Council and the delivery of services for residents.
SR8	<b>ICT network capacity and resilience</b> - The Covid-19 pandemic has sparked a significant shift in the way that the Council works, with increasing demands placed on technology and the underlying supporting ICT infrastructure. As the reliance and demands placed upon technology continues to increase, there is a risk of significant disruption to service delivery in the event of network disruption and/or outage, particularly following a cyber-attack. It is therefore imperative that the Council continues to invest in robust systems, infrastructure, network security and disaster recovery capabilities to manage this risk and maintain the delivery of services.
SR9	<b>Fraud</b> - Due to the wide range of activities undertaken by the Council, there is a risk of fraud being committed. The risk of the latter is exacerbated by the new areas of activity as part of the Council's ongoing response to the Covid-19 pandemic.
SR10	<b>Gatwick Airport</b> - 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. 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. 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.
SR11	<b>Planning system reform</b> - The government is considering changes to the planning system in England. There is a risk that, if adopted in the form contained in the consultation White Paper, these changes could result in a loss of local democratic control over planning matters. Although the government have confirmed that they will not be increasing the threshold at which affordable housing is required from developments (which was included in a past consultation document), there is a risk that the other proposed changes, if adopted into national policy, could result in a reduction in the delivery of affordable housing in the borough.
SR12	<b>Climate change</b> - It is widely recognised that the Earth's climate is changing, with this forecast to result in more extreme weather. This could have negative impacts, including on the built and natural environment, with vulnerable residents likely to be most severely impacted. In response, the Council may encounter difficulties in delivering services and may similarly have additional demands placed upon it, particularly as climate change adaptation and mitigation becomes increasingly necessary.

\*Strategic Risks as per the Draft Strategic Risk Register due to be presented to Audit Committee in March 2022

## Developing the internal audit plan 2022/23

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

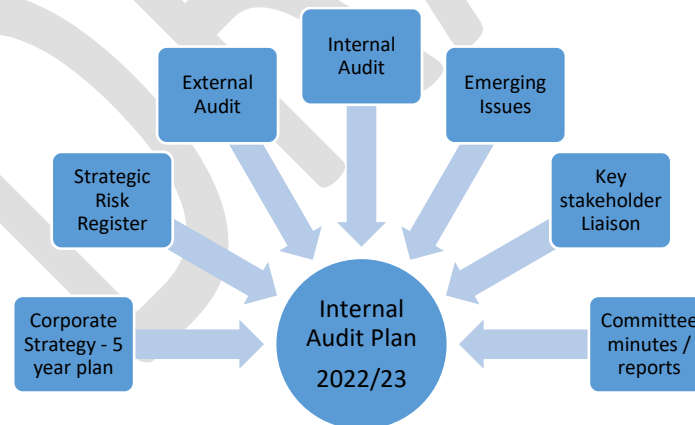
- Corporate Governance Group
- Interim Head of Finance (S151 Officer)
- Directors & Heads of Service
- Audit Committee
- Other key stakeholders

In accordance with the Public Sector Internal Audit Standards there is a requirement that Internal audit establish a risk-based audit plan to determine the resourcing of the internal audit service, consistent with the organisation's goals.

Based on 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 plan for 2022/23.

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 Review	Audit Sponsor	Potential Scope	Strategic Risks	Proposed Timing
<b>Corporate</b>				
Savings Realisation	HofF	To assess realisation of savings target / initiatives as detailed in Financial Sustainability Plan.	SR2, SR3	Q4
Corporate Plan	HofCPP&BA	Assurances over the delivery of the Corporate Plan.	SR1, SR2, SR4, SR5, SR6, SR7	Q2
Payment Card Industry Data Security Standard	HofF	Compliance to meet industry standards.		Q3
<b>Governance</b>				
Decision Making & Accountability	HofL&G	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.	SR5	Q1
Human Resources & Organisational Development	HofOD	Assurances over the audit cycle to cover: <ul style="list-style-type: none"> <li>• Performance Management</li> <li>• Absence Management</li> <li>• Officer Recruitment</li> <li>• Officer Training &amp; Development</li> <li>• Workforce Strategy / Development (<i>scope for 2022/23</i>)</li> <li>• Flexible Working</li> <li>• Use of Volunteers.</li> </ul>	SR5	Q4

Audit Review	Audit Sponsor	Potential Scope	Strategic Risks	Proposed Timing
Commissioning & Procurement	HofL&G	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. To consider supply chains and third party risks.		Q4
Health & Safety	HofNO	Effective H&S strategy in place and operating effectively with effective governance, accountability and issue resolution.		Q2
Business Continuity	HofCPP&BA	Assurance over planning for extreme events that may lead to delays in responding to situations resulting in increased costs and staff resources.	SR1, SR5	Q1
<b>IT</b>				
Cyber Security - Managed Security Service Platform	HofIT	Management and controls to ensure the effectiveness of the new platform.	SR8	Q4
IT Database Management	HofIT	Secure and effective database management of databases for which IT are responsible.	SR8	Q2
IT Follow Up	HofIT	To follow up on the key observations raised within the “limited assurance” reviews on Information Security and IT Disaster Recovery to ensure actions have been fully implemented and embedded.	SR8	Q3
<b>Core Financial Reviews</b>				
Council Tax	HofRB&F		SR2	Q2
Income Collection	HofF	Programme of cyclical systems reviews	SR2	Q1
NNDR	HofRB&F		SR2	Q3

Audit Review	Audit Sponsor	Potential Scope	Strategic Risks	Proposed Timing
<b>People</b>				
Housing (including Affordable Housing)	HofH	Effective Housing Policy and procedures to achieve desired outcomes. Delivery of the Housing Strategy. Opportunities for development and alternative methods of delivery to meet organisational and national priorities for Affordable Housing.	SR11	Q3
<b>Place</b>				
Parks & Countryside	HofNO	Grounds maintenance of parks, cemetery and open spaces in addition to road verges on behalf of Surrey County Council.		Q4
Economic Prosperity	HofEP	Support to help local businesses start, develop and grow. Includes administering business support grants.	SR4	Q2
Environmental Sustainability	HofCPP&BA	Review of the Environmental Sustainability Strategy and progress against the accompanying action plan. A key priority within the Corporate Plan.	SR12	Q3
Fleet Management – Follow Up	HofNO	To follow up on the key observations raised within the “limited assurance” review in 2020/21 to ensure actions have been fully implemented and embedded.		Q3
<b>Other</b>				
Management and review				Q1-4
Total plan days for 2022/23				200

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

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