



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

REIGATE AND BANSTEAD BOROUGH COUNCIL

Internal Audit Progress Report – 2022/23 (Q1)

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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:

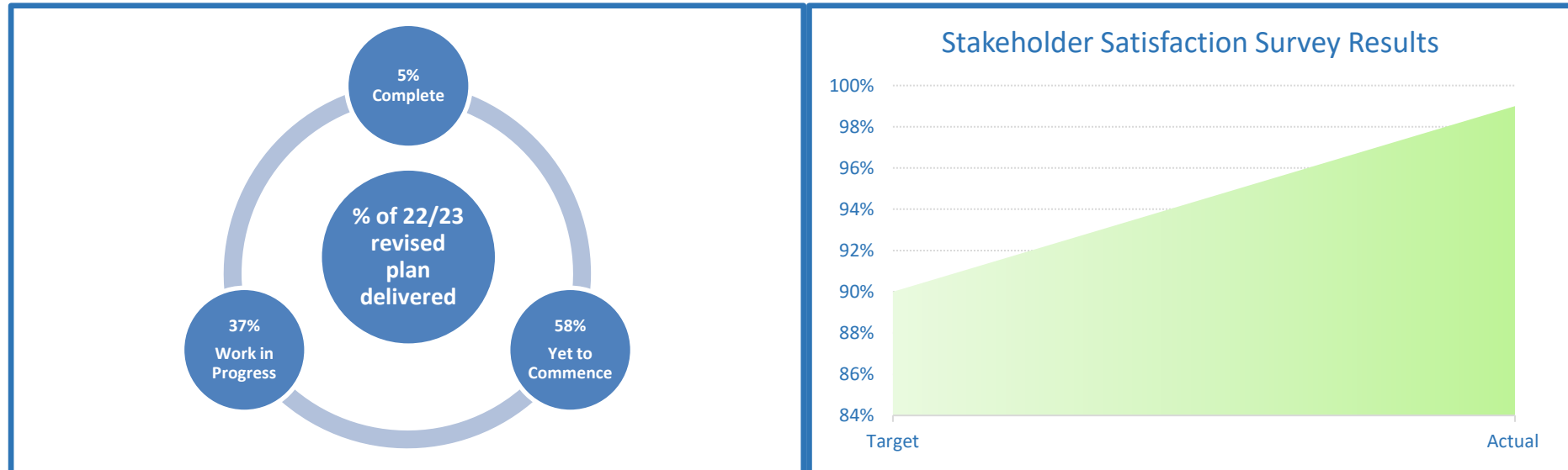
- The status of ‘live’ internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor’s annual opinion.

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
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)			
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)	3(3)	4(2)			1
Information Governance	06.12.21	HofIT	Reasonable	3(0)	1(0)	2(0)			
IT Virtualisation	16.02.22	HofIT	Reasonable	5(1)	1(0)	2(1)		2	
HR – Absence Management	17.05.22	HofOD	Substantial	2(0)	1(0)	1(0)			
Non Housing Property Management & Maintenance	06.06.22	HofF	Reasonable	6(1)	0(0)	5(0)			1
Contract Management	18.08.22	HofL&G	Limited	4(0)	3(0)	1(0)			
Total				61(13)	11(3)	37(8)	0	11	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 has been one final report published concluding a “Limited” or “No” assurance opinion since the last progress report in June 2022.

Contract Management		
Audit Sponsor	Assurance opinion	Management Actions
Head of Legal & Governance		<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: green; color: white; padding: 5px; text-align: center;">Low 1</div> <div style="background-color: yellow; color: black; padding: 5px; text-align: center;">Medium 3</div> <div style="background-color: red; color: white; padding: 5px; text-align: center;">High 0</div> </div>

Summary of key observations:

This audit reviewed corporately prescribed contract management controls and sampled three specific contracts against these. We satisfactorily confirmed that Contract and Financial Procedure Rules, prescribed within the constitution set out roles and responsibilities for contract management.

We verified that signed contracts and a clear specification were held for our sample and confirmed with the Council’s Legal Secretary that where paper contracts are retained these are securely archived. For our sampled contracts only one has required a variation. We verified that this was formally documented in Addendums within a revised contract document.

We confirmed that for two of the contracts examined there was reasonable or very good evidence of close monitoring of contract performance through regular meetings and KPIs. However, we note that scheduled monthly meetings with the contractor for one contract do occur but are not recorded. In addition, the current Contract Manager did not hold a copy of the contract specification which would, in normal circumstances, be a prime document for holding the contractor to account.

The Council’s Contract register is automatically produced from the Council's InTend software. Our examination of the Contract Register found that the register is incomplete. Omissions in the current Contracts Register has resulted in non-compliance with the Local Government Transparency code that requires local authorities to publish details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds £5,000. Additionally, the published contract register is also only available in 17 separate segmented spreadsheets which impedes a single point of public review and is not updated to reflect contract extensions.

RBBC's management response:

We are aware of the current challenges around procurement and contract management within the Council and are developing a plan to address them, primarily through adoption of a new procurement strategy and creation of a procurement governance board, to ensure strategic and central oversight of procurement and contract management activity and appropriate periodic challenge.

Regarding the observations for the Leisure contract, we will discuss with the service area and contract manager and support them to identify measures to improve the management of this contract going forward; the contract manager will measure and report on the KPI's in accordance with the contract.

We are aware of the issues surrounding our contract register and that the current process requires the procurement officer to manually insert each entry. The contract register will be reviewed and improved to ensure accuracy. We will explore options for improving the links between finance and procurement systems to ensure that there is an accurate contracts register.

6. Planning & Resourcing

The internal audit plan for 2022-23 was presented to Corporate Governance Group and the Audit Committee in March 2022.

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	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
2021/22 Reviews								
Contract Management	HofL&G	✓	✓	✓	✓	✓	Limited	
Parking & Enforcement	HofNS	✓	✓	✓	✓			Draft report issued, response pending.

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
2022/23 Reviews								
Corporate								
Savings Realisation	HofF							Q4
Payment Card Industry Data Security Standard	HofF							Q3
Governance								
Decision Making & Accountability	HofL&G	✓	✓	✓	✓			Draft report issued, response pending.
Human Resources & Organisational Development	HofOD							Q4
Commissioning & Procurement	HofL&G							Q4
Health & Safety	HofNS	✓	✓					
Business Continuity	HofNS	✓	✓	✓	✓			Draft report issued, response pending.
IT								
Cyber Security - Managed Security Service Platform	HofIT							Q4
IT Database Management	HofIT							Q2 – Scoping on 24/8/22
IT Follow Up	HofIT							Q3
Core Financial Reviews								
Council Tax	HofRB&F	✓						
Income Collection	HofF	✓	✓					Fieldwork to start 5/9/22
NNDR	HofRB&F							Q3
People								
Housing (including Affordable Housing)	HofH							Q3

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Place								
Parks & Countryside	HofNS							Q4
Economic Prosperity	HofEP	✓	✓					
Environmental Sustainability	HofCPP&BA							Q3
Fleet Management – Follow Up	HofNS							Q3
Other (Non-Assurance Work)								
Test And Trace Contain Outbreak Management Fund (COMF)	HofF	✓	n/a	✓	n/a	✓	n/a	Grant certification
Test and Trace Support Payment Scheme Funding (TTSP)	HofF	✓	n/a	✓				Grant certification

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	HofNS	Head of Neighbourhood Services

8. Adjustments to the Internal Audit Plan

There have been the following amendments to the plan:

Plan Variations for 2021/22	
Added to the plan	Reason
Test And Trace Contain Outbreak Management Fund (COMF)	The grant conditions required an internal audit review and sign off by the Chief Internal Auditor. Please see below for the adjustment made to the plan to accommodate this review.
Test and Trace Support Payment Scheme Funding (TTSP)	The grant conditions required an internal audit review and sign off by the Chief Internal Auditor. Please see below for the adjustment made to the plan to accommodate this review.
Removed from the plan	Reason
Corporate Plan	Deferred to 2023/24 to accommodate the reviews of the COMF and TTSP grants.

Overdue 'High Priority' Management Actions

IT Disaster Recovery – Limited Assurance			
Observation: Please see separate report.			
Management Action	Original Due Date	Revised Due Date	Latest Service Update
Please see separate report.			

Non Housing Property Management & Maintenance – Reasonable Assurance			
Observation: The Council does not have a current Asset Management Plan (AMP). An AMP sets out how the Council intends to manage its property assets, with property maintenance objectives being a large part of this. The previous AMP served a five-year period expiring in 2020. According to the AMP itself it should also have been subject to annual review. This was last carried out in 2016. The previous AMP also contained key performance indicators outlining how property maintenance objectives are to be measured and assessed for success. These are not currently being measured and reported. We were advised that the AMP review was placed on hold to allow for the development of the Councils Commercial/Asset Strategy Parts 1&2 pending approval by the Member Executive Committee. This was subsequently approved at the Executive Committee on 16th December 2021.			
Management Action	Original Due Date	Revised Due Date	Latest Service Update
Recommendations from the Commercial Asset Strategy to be incorporated within the updated Asset Management Plan, which will be reviewed and reported at the Commercial Ventures Board on an annual basis.	30.06.2022	31.10.2022	The Asset Management Plan 2023 to 2028 has been drafted and is currently subject to final consultation and review by officers and Executive Members. It is scheduled to be submitted for formal approval in the autumn.

Overdue 'Low & Medium Priority' Management Actions

Audit Review	Report Date	Opinion	Priority	Due Date	Revised Due Date
Council Tax	05.02.2020	Adequate	Medium	01.04.2020	31.03.2023
Fleet Management	06.04.2021	Limited	Medium	31.12.2021	30.09.2022
Procurement	05.05.2021	Limited	Medium	31.12.2021	30.06.2023
			Medium	31.12.2021	30.06.2023
			Medium	31.12.2021	30.06.2023
			Medium	31.12.2021	30.06.2023
			Medium	31.12.2021	30.06.2023
			Medium	31.12.2021	30.06.2023
IT Virtualisation	16.02.2022	Reasonable	Medium	31.05.2022	30.09.2022
			Medium	31.05.2022	30.09.2022

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.