



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

REIGATE AND BANSTEAD BOROUGH COUNCIL

Internal Audit Progress Report – 2023/24 (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

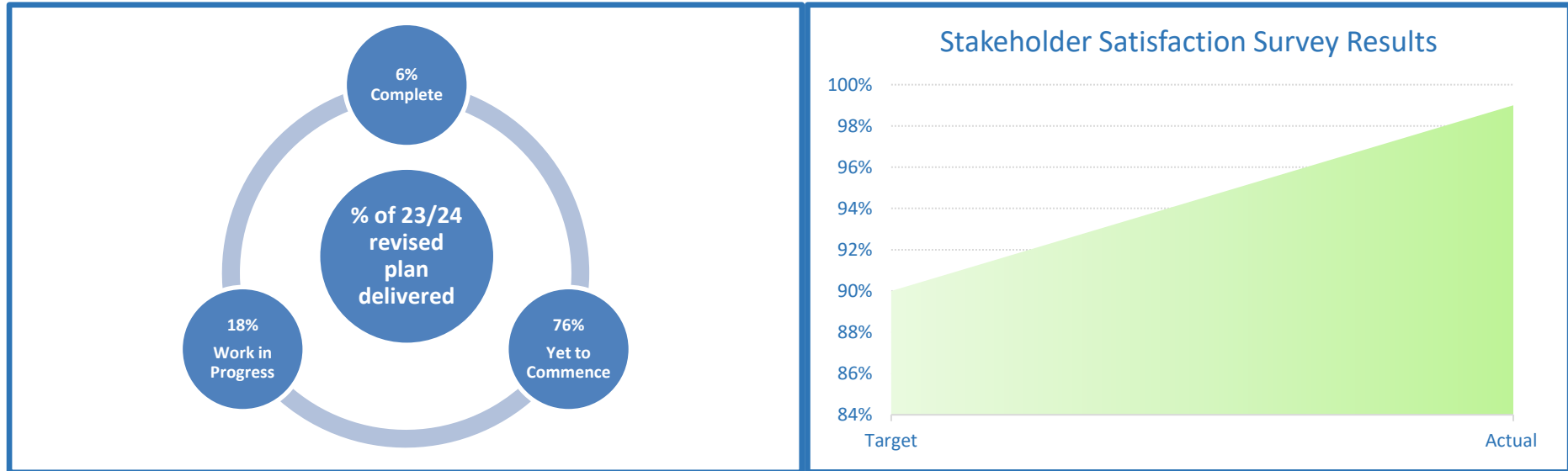
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- 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.

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.'



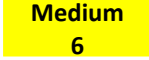

4. Analysis of 'Live' audit reviews

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Actions*	Not Yet Due	Complete	Overdue		
							L	M	H
Fleet Management	06.04.21	HofNO	Limited	16(3)	0(0)	15(3)		1	
Procurement	05.05.21	CFO	Limited	8(0)	0(0)	1(0)		7	
IT Disaster Recovery	27.05.21	HofIT	Limited	8(6)	0(0)	4(2)			4
Information Governance	06.12.21	HofIT	Reasonable	3(0)	0(0)	2(0)		1	
Contract Management	18.08.22	SHofL&G	Limited	4(0)	3(0)	1(0)			
Decision Making & Accountability	12.10.22	SHofL&G	Reasonable	2(0)	1(0)	1(0)			
IT Database Management	24.04.23	HofIT	Reasonable	5(0)	1(0)	4(0)			
Environmental Sustainability	26.05.23	HofCPP&P	Reasonable	4(0)	3(0)	1(0)			
Housing Delivery Strategy Implementation	13.06.23	HofH	Reasonable	2(0)	2(0)	0(0)			
Council Tax	10.07.23	HofRB&F	Reasonable	8(3)	5(1)	3(2)			
Financial Sustainability Programme Governance	20.07.23	CFO	Substantial	1(0)	1(0)	0(0)			
PCI Data Security Standard	31.07.23	CFO	Reasonable	4(2)	2(0)	2(2)			
Health & Safety Governance	04.08.23	HofNO	Limited	12(0)	8(0)	4(0)			
HR – Use of Volunteers	16.08.23	SHofO&T	No	19(6)	13(6)	6(0)			
Income Collection	16.08.23	CFO	Limited	10(1)	7(0)	3(1)			
Total				106(21)	46(7)	47(10)	0	9	4

*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 three new reports published concluding a “Limited” or “No” assurance opinion since the last progress report in July 2023.

Health and Safety Governance				
Audit Sponsor	Assurance opinion	Management Actions		
Head of Neighbourhood Operations				
<p>Summary of key observations:</p> <p>The focus of the Health and Safety Governance audit was to review the framework of governance to ensure compliance with the health and safety policy and to seek assurance over the effectiveness of the framework of health and safety across the organisation.</p> <p>Positively, the authority has a Corporate Health and Safety Advisor in post to co-ordinate health and safety arrangements with other roles and responsibilities across the organisation also defined in the Health & Safety and Welfare Policy and Procedure.</p> <p>To underpin the main policy, there are a number of other policies that support Health and Safety. Whilst it was clear progress had been made in updating and publishing these on the corporate intranet, there were a number that still required review.</p> <p>Reporting of incidents/accidents analysis has not been consistent with roles and responsibilities set out within the policy, additionally, risk assessments were being undertaken, however, there were inconsistencies in the way they were completed and recorded, in particular the allocation of responsibility and the delivery date of any actions required.</p> <p>A Health & Safety Working Group (HSWG) had historically been established and whilst it was encouraging to see this had reconvened in November 2022, meetings have been sporadic over the past three years impacting the effective delivery of the group’s terms of reference and planning Health and Safety activities, and monitoring performance.</p>				

The absence of effective guidance has led to an inconsistent approach to staff training and the maintenance of training records, albeit we were advised that the Health and Safety Advisor is currently working systematically around the services to risk assess the current training status.

The Health and Safety Advisor has conducted spot checks and quality assurance checks as part of an ongoing consultation programme which we were advised has been scheduled according to assessed risk. However, the programme was not documented or being driven in response to strategic requirements. At the time of our review, not all service areas had been reviewed to establish their current status regarding H&S.

Contract Standing Orders set out that Contract Managers are responsible for ensuring the supplier's compliance with all appropriate Health and Safety obligations, however, there was no reference to managing contracts in respect of Health and Safety in the Corporate Health and Safety & Welfare Policy and Procedure.

RBBC's management response (provided by the Head of Neighbourhood Operations):

While there are no concerns about how the Council's health and safety responsibilities are fulfilled, this audit has highlighted some areas for improvement regarding the supporting governance of these arrangements. In particular

- the importance of holding regular H&S Working Group meetings;
- ensuring that identification and provision of mandatory or required H&S training to employees; and
- the documentation of audit schedules and policy / procedure reviews and evidencing that they are both being driven by strategic requirements and H&S priorities.





Historically the Council held regular Health and Safety Committee meetings, however these were paused for a period of time due to the H&S Advisor role not being consistently in post. Following the current H&S Advisor's appointment in September 2019, the Health and Safety Working Group was set up. There were periods of time where the group was unable to meet and as indicated within the audit report this was something that was accepted and resolved promptly. COVID-19 in particular impacted the groups' ability to meet, however H&S matters, during this time, were escalated through the Incident Management Team when required.

The Health and Safety Advisor had been undertaking policy and procedure reviews since their appointment in 2019, however the COVID-19 pandemic then impacted their ability to undertake reviews in a timely fashion manner due to their work being refocussed on other H&S priorities during the pandemic.

The audit also highlighted that both the H&S Working Group and the Corporate Governance Group should receive regular updates on plans for carrying out H&S reviews, rather than solely documenting these plans within the H&S Advisor's personal performance agreement.

The audit also highlighted that there is no current requirement for managers to ensure that required or mandatory training is provided to employees. Whilst training is being provided throughout the Council, it is accepted that a guidance document will be useful to managers on best practice such as how to identify, deliver and record training and would provide added assurance.

Overall, the audit findings have enabled the Council and the H&S Advisor to identify areas in the governance of H&S that require improvement and to implement plans and actions to rectify them. The H&S Advisor has already completed several of the actions and is working towards a timely conclusion of the remainder.

Income Collection				
Audit Sponsor	Assurance opinion	Management Actions		
Chief Finance Officer (S151 Officer)				

Summary of key observations:
 Key income collection points for the Council are Community Centres, the Harlequin Theatre, the Town Hall and car parking income. Car Parking income was audited more recently, as part of the 2021/22 audit plan, and therefore was excluded from this review.

Financial Regulations are in place to support the receipting, banking, and recording of monies received and these are accessible to all staff who require them.

Whilst we found that income is regularly matched to the bank account and finance staff perform regular cash reconciliations and ensure the suspense account is monitored and cleared regularly, there were a number of observations raised where areas of control could be improved, in particular regarding cash collection and record keeping across the Community Centres.

New access to ICON (the Cash Receipting system) is granted by the Finance Operations Manager, who has administration access rights on the system. We were advised that users access rights are removed when they have left the employment of the authority. However, there was no periodic review to ensure that only the relevant staff across the Council have access and to also ensure that the number of active user accounts does not exceed the number of licences held.

Keycodes to the safes held both at the Town Hall and the Harlequin Theatre have not been regularly changed and no expectation has been set to safe managers which sets out when or how often a keycode for the safe should be changed. Further to this, we also found that the safe limits for the Community Centres were being regularly exceeded.

Whilst Community Centres have been issued with documented banking procedures, staff and volunteers at the centres have not been issued with procedures for cash handling and income collection.

At the time of testing, income records at the Community Centres were manual and difficult to reconcile. Our testing of a sample of weekly taking spreadsheets identified several discrepancies. The Council were in the process of implementing electronic tills across the centres at the time of the audit, but our testing took place prior to this. We also noted that at one Community Centre a service provider was not being charged for use of the facilities in line with Fees and Charges.

There were also some discrepancies on income records sampled for the Harlequin Theatre.

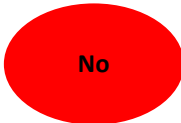
Whilst there are very few cash payments received at the Town Hall and are generally low value, our testing of the two cash transactions received to date during 2022/23 were not supported by a receipt to the payee.

Responsibilities for the contract management of the income collections by a third party contractor sit with Surrey County Council. Any operational issues can be addressed by the Finance Operations Manager direct with the contractor, however there is no established protocol to share any issues or incidents with Surrey County Council, nor does the authority receive routine feedback as to the ongoing overall performance of the contract or the viability of the contractor.

RBBC's management response (provided by the Chief Finance Officer):

As acknowledged in the audit report, the value of cash received by the Council compared to other forms of income each year is now relatively low. The audit has confirmed that controls and procedures at the Town Hall are generally operating as expected; also that the issues identified in the previous audit of income collection at the Harlequin Theatre have been resolved. The management actions in response to SIAP's observations in these areas are on target to be completed by the due dates.

The audit of income collection at the Community Centres took place at a time of considerable change during a service-wide transformation programme. Whilst improvements were already planned as part of that programme, such as the introduction of electronic tills and improved financial control and reporting processes, these had not yet been implemented which resulted in several of the observations as set out in the audit report. Work is now underway to complete the transformation improvements and the audit has helped the service to confirm the priority areas for attention.

HR – Use of Volunteers		
Audit Sponsor	Assurance opinion	Management Actions
Strategic Head of Organisation and Transformation		<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 12</div> <div style="background-color: red; color: white; padding: 5px; text-align: center;">High 6</div> </div>
<p>Summary of key observations:</p> <p>The two main areas where the Council use volunteers were found to be Community Partnerships and Neighbourhood Operations. Testing was carried out on Community Partnerships’ use of volunteers at Community Centres exclusively, as the area was found to have the highest numbers of volunteers, and the volunteers fulfil ongoing specific roles.</p> <p>Volunteers are an essential commodity to enable the operation of Community Centres across the Borough. As at April 2023, across the three community centres the services of 111 volunteers was retained. However, there are no policies/procedures in place regarding the selection or use of volunteers or work experience candidates/appointees across the council.</p> <p>There was no central record of volunteers maintained. The spreadsheets that were retained by Community Centre Managers were found to contain personal and confidential information, but no evidence of the records being subject to a sufficient level of security. The HR Document Retention Scheme did not cover volunteers’ records specifically, and the areas where they were covered only related to a very limited range of volunteer-related records.</p> <p>We found that identification checks were not consistently performed on volunteers at the Community Centres at the onboarding stage, despite the roles being advertised as age specific. DBS (Disclosure and Barring Service) checks are also not performed on volunteers at the Community Centres, despite their roles involving interaction with children and vulnerable adults.</p> <p>Whilst we were advised that volunteers at the Community Centres are provided with on-the-job training, we found very limited evidence of formal training being provided.</p> <p>We were advised that volunteers do not have access to systems, however it was confirmed that volunteers have access to tills within all three Community Centres. No evidence of a log of accesses was found to enable overview of access awarded to volunteers to tills, security codes, assets, or similar.</p>		

Our review found that volunteers at the Community Centres do not have access to the same wellbeing resources as employees and they do not have access to a relevant grievance scheme.

It is also not clear how poor performance would be managed.

RBBC's management response (provided by the Strategic Head of Organisation and Transformation):

RBBC welcomes the detailed response to our proactive request of the audit of use of volunteers, which was prompted by RBBC's own concerns.

We are pleased that SIAPs report confirms that all management actions, once implemented, should mitigate the risks identified. A RBBC task and finish group was established in June 2023 to address our own concerns with regard to the use of volunteers, with great progress being made against a number of the management actions already, namely volunteer mapping, and policy & procedure creation.

We thank our partners at SIAP for facilitating this audit, highlighting the value of audit as a tool to support proactive remedy of concerns.

6. Planning & Resourcing

The internal audit plan for 2023-24 was presented to Corporate Governance Group and the Audit Committee in March 2023.

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	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
2022/23 Reviews								
Health and Safety Governance	HofNO	✓	✓	✓	✓	✓	Limited	
Financial Sustainability Programme Governance	CFO	✓	✓	✓	✓	✓	Substantial	
HR – Use of Volunteers	HofOD	✓	✓	✓	✓	✓	No	
Income Collection	CFO	✓	✓	✓	✓	✓	Limited	
NNDR	HofRB&F	✓	✓	✓				Close of audit scheduled for 18/8/23.
Playgrounds & Wheeled Sports Facilities	HofNO	✓	✓	✓				Close of audit meeting held, report pending.
Fleet Management – Follow Up	HofNO	✓	✓	✓	✓	✓	n/a	
2023/24 Reviews								
Corporate								
Financial Sustainability Programme	CFO							Q3
Governance								
Fraud Framework	HofRB&F							Q3
Contract Management	SHofL&G							Q4
Procurement	SHofL&G							Q4
Human Resources	HofOD&HR							Q4
Ethical Governance	SHofL&G							Q3
IT								
IT Disaster Recovery	HofIT							Q4
Cyber Security – Managed Security Service Platform	HofIT							Q3

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Core Financial Reviews								
Main Accounting	CFO	✓	✓					
Treasury Management	CFO							Q2
Payroll	CFO							Q3
Organisation								
Property Management & Maintenance	CFO							Q2
People								
Housing Allocations	HofH	✓	✓	✓				
Place								
Refuse, Recycling and Street Cleaning	HofNO	✓	✓	✓				
Environmental Health and Licensing	HofNO							Q2
Development Management & Planning Policy	HofP							Q2
Other								
Homes England Grant – Rough Sleeping Accommodation Programme (RSAP)	CFO	✓	✓	✓	n/a	✓	n/a	Grant certification.

Audit Sponsors			
D	Director	SHofO&T	Strategic Head of Organisation and Transformation
CFO	Chief Finance Officer (S151 Officer)	SHofL&G	Strategic Head of Legal and Governance
HofCPP&P	Head of Corporate Policy, Projects & Performance	HofL&C	Head of Leisure and Culture
HofOD	Head of Organisational Development & HR	HofCP	Head of Community Partnerships
HofIT	Head of IT	HofCCCD&I	Head of Communications, Customer Contact, Data & Insight
HofH	Head of Housing	HofP	Head of Planning
HofRB&F	Head of Revenues, Benefits and Fraud	HofPD	Head of Place Delivery
HofNO	Head of Neighbourhood Operations	HofEP	Head of Economic Prosperity

8. Adjustments to the Internal Audit Plan

There has been the following amendment to the plan:

Plan Variations for 2023/24	
Added to the plan	Reason
Homes England Grant – Rough Sleeping Accommodation Programme (RSAP)	The grant conditions required an independent review and report ahead of Chief Finance Officer sign off.

Annex 1

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.			

Overdue 'Low & Medium Priority' Management Actions

Audit Review	Report Date	Opinion	Priority	Due Date	Revised Due Date
Fleet Management	06.04.2021	Limited	Medium	31.12.2021	01.10.2023
Procurement	05.05.2021	Limited	Medium	31.12.2021	31.12.2023
			Medium	31.12.2021	31.12.2023
			Medium	31.12.2021	31.12.2023
			Medium	31.12.2021	31.12.2023
			Medium	31.12.2021	31.12.2023
			Medium	31.12.2021	31.12.2023
Information Governance	06.12.2021	Reasonable	Medium	30.09.2022	30.09.2023