

Internal Audit Plan

2019-20 / 2021-22

Reigate & Banstead Borough Council



Southern Internal Audit Partnership

Assurance through excellence
and innovation

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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 Iona Bond, 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 2015 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 (SIAP) service generally conforms to **all** of these principles. This performance is within the top decile of EQA reviews we have performed. This is a notable achievement given the breadth of these Standards and the operational environment faced by SIAP.'*

*There are **no instances** across these standards where we determined a standard below "generally conforms", and 4 instances where the standard is assessed as "not applicable" due to the nature of SIAP's remit.'*

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.

5 Year Plan

Reigate & Banstead Borough Council have adopted a 5 year plan for the 2015-20 period. The plan explains how the Council will prioritise their resources and deliver their services to the people living and working in the borough. The plan is based around a vision for the borough, with priorities set around three key themes.

Vision:

“A leading Council recognised by our residents, peers and partners. We will: Deliver quality services and support; Provide value for money; Make the borough a great place to live; Be flexible and sustainable, responding to the needs and demands of our borough, residents and businesses; and Be an increasingly commercial organisation”

Priorities:

People - supporting residents to enjoy healthy and happy lifestyles

- We will support residents into employment – particularly those in vulnerable families and young people
- We will work with and support our partners to provide great services for older people to help them stay independent
- We will encourage healthy lifestyles, particularly through the use of our leisure centres, parks and open spaces
- We will improve safety through joint working with Surrey Police and other partners

Place - A great place to live and work

- Encourage existing businesses to thrive and grow within Reigate & Banstead and attract new businesses to the borough
- To ensure our towns and public spaces are clean and attractive to residents, businesses and visitors
- Establish a Development Management Plan to deliver affordable and other types of housing, employment space and infrastructure, whilst protecting the borough’s pleasant environment.

Organisation - a great Council

- We will be financially self-sufficient by 2020, without impacting on residents’ priorities
- Communicate and engage with our residents and businesses, to help inform service delivery
- We will increase the value of, and income derived from, the Council’s property and assets
- We will maximise the potential of our staff

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	Brexit - There is a high possibility that the UK's exit from the European Union will result in disruption to the borough and Council services. However, there is a high degree of uncertainty surrounding the scale of impact that could be experienced by the Council as a result of Brexit, therefore making this risk difficult for the Council to effectively manage and control.
SR2	Financial sustainability - The Council receives no Revenue Support Grant from Central Government. Whilst council tax and business rates make up a significant portion of the Council's funding, they do not cover the full extent of the Council's expenditure. The Council's ability to generate income from investments may be restricted by changes in regulations and codes of practice. The Council must therefore put in place a capital investment strategy, supported by appropriate governance structures and resources, to generate additional income to sustain service provision. The failure to generate this income will jeopardise the delivery of corporate objectives. Managing this risk well is dependent on Officers and Members remaining ambitious.
SR3	Local Government reorganisation and partner funding decisions - The public sector as a whole is experiencing significant funding pressures. Budgetary decisions made by other public service providers will impact this borough's residents and businesses as well as the Council itself. The Council may need to increase its services, or the support provided, which could have funding and resource implications. In addition, funding pressures could result in the financial failure of partner public sector organisations. A failure of this nature within Surrey may prompt a reorganisation of local government which could have adverse effects on this Council and the delivery of services for residents. These funding and structural pressures, juxtaposed with the outcome of the local government Fair Funding review, could also result in this Council assuming a range of new functions or responsibilities that have traditionally sat with Surrey County Council. This Council's ability to influence such decisions will be limited, however the mitigation of this risk may require the diversion of a disproportionate level of Council resources.
SR4	Organisational capacity and culture - The Council is on the verge of implementing an ambitious Corporate Plan, supported by a capital investment strategy and Housing Strategy. Delivering on the ambitions in these plans – to ensure we remain an efficient and effective Council - will require a continually ambitious organisation and culture, including both Members and Officers.
SR5	Economic prosperity - A prosperous economy is essential for the wellbeing of the borough, creating employment and wealth that benefits local people. Economic prosperity cannot be taken for granted and the current economic outlook is very uncertain. 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 paid for services and the collection of monies owed. Challenging financial circumstances for residents may also increase their reliance on Council services.
SR6	Welfare reform - The borough's residents are being affected by a combination of welfare reforms, increasing housing costs and economic changes. This increases the risk of household budgets being stretched and residents being threatened with homelessness. The latter could result in an increase in cost pressures on the Council as our services are increasingly relied upon.

Ref	Risk Description
SR7	Cyber security - Organisations are at an ever increasing risk of cyber attack as the use of digital systems and technologies increases. More sophisticated attacks and new variants of malicious software underscore the risk of corporate defences being compromised. The effects of a cyber attack are wide and varied though at their worst could result in data destruction, disruption to the delivery of services and data theft.
SR8	Fraud - Due to the wide range of activities being undertaken by the Council, there is a risk of fraud being committed which therefore requires robust systems and processes to be in place.
SR9	Local Plan - The Council's existing Core Strategy will become out of date in July 2019 and a new local plan must therefore be prepared to give certainty over housing need and other strategic planning matters. Failure to have an up to date strategic plan risks the Council losing the ability to control its planning decisions including where development is located.
SR10	Marketfield Way - Marketfield Way is a major place project for the Council and is critical to shaping Redhill and ensuring the town's continued vitality and viability. It will also generate income which can be reinvested in Council services. Delays to this project would have an impact on the delivery of Redhill's regeneration as well as a financial impact on the Council.

*Strategic Risks as per the Draft Strategic Risk Register – Quarter 3 (due to be presented to the Executive meeting on 18/3/2019)

Developing the internal audit plan 2019-20 / 2021-22

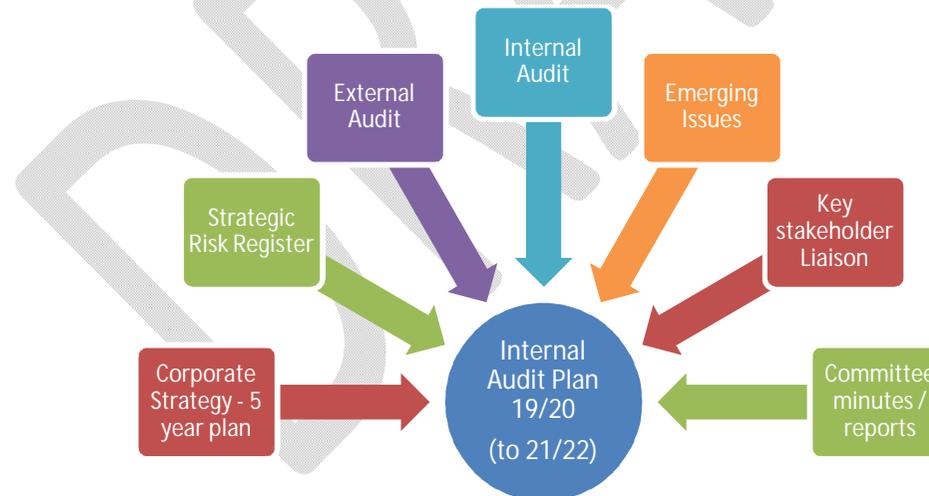
We have used various sources of information and discussed priorities for internal audit with the following groups:

- Corporate Governance Group
- Director of Finance & Organisation (\$151)
- Directors
- Overview & Scrutiny 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 2019-20 / 2021-22.

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 / Operational Risk	Previous IA Coverage	2019-20	2020-21	2021-22
Corporate						
Programme & Project Management	Assurance over project management framework and compliance in relation to delivery on live / ongoing projects (introduction of PMO during 18/19).	SR10		Q3		
Alternative Delivery Models	Unique methods of service delivery with the potential for loss of control / ownership over. Assurance over governance, rights of access, third party assurance, contingencies, exist strategies, hosting arrangements, accountability.	SR3, OR8				✓
Financial Resilience	Assurance over budgetary control, efficiency Plans, financial risks relating to assumptions made for medium term financial projections.	SR2	2017/18			✓
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.	SR3			✓	
Corporate Plan	RBBC are in the process of developing a new Corporate Plan to support their future direction of travel and aspirations of the authority. Assurances over development, approval and outcomes etc. Include a review of communications/engagement as one of the priority areas within the plan in 2021/22.	SR1, SR2, SR3, SR4, SR5, SR9	2016/17	Q1		✓
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			✓

Audit	Risk / Scope	Strategic / Operational Risk	Previous IA Coverage	2019-20	2020-21	2021-22
Use of Volunteers	Assurance over the practices and arrangements in place regarding the use of volunteers across the organisation.	SR4			✓	
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.			Q1		
Risk Management	Assurance over the risk management framework including governance, transparency and maturity.		2018/19 2017/18 2016/17		✓	
Fraud & Irregularities	Cyclical assurance over the governance arrangements to prevent, detect and investigate fraud and irregularities.	SR8				✓
Human Resources & Organisational Development	Weak or ineffective internal control leading to financial loss resulting in damage to the Council's reputation and adverse publicity. 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 • Volunteers. 	SR4	2015/16	Q2		✓
Contract Management	Review of contract management arrangements and compliance across a selection of contracts in place.	OR7	2018/19 2015/16		✓	

Audit	Risk / Scope	Strategic / Operational Risk	Previous IA Coverage	2019-20	2020-21	2021-22
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.	OR7	2018/19 2015/16		✓	
Health & Safety	Effective H&S strategy in place and operating effectively with effective governance, accountability and issue resolution.	OR6	2016/17			✓
Information Governance	Assurance over information governance arrangements to include FOI, SAR, Transparency and General Data Protection Regulation (GDPR).	OR9	2018/19	Q4		
Ethical Governance	Evaluation of the design, implementation and effectiveness of RBBC's ethics-related objectives, programmes and activities (Officers & Members Code of Conduct).			Q3		
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. 		2016/17		✓	
Annual Governance Statement	Cyclical assurance over the governance arrangements to compile, contribute and deliver the AGS.					✓
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.				✓	

Audit	Risk / Scope	Strategic / Operational Risk	Previous IA Coverage	2019-20	2020-21	2021-22
Data Management	Review of data centre facilities and security including storage and back-up. To also consider database management.				✓	
Information Security	Review of cyber security arrangements, security controls (including remote access) and cloud storage. To also consider network security and infrastructure management	SR7	2016/17		✓	
System Development & Implementation	Systems Life Cycle, Project Management and Application Management.		2016/17	Q3		
IT Business Continuity	Disaster recovery, system resilience			Q4		
Networking & Communications	Virtualisation, operating system management					✓
Payment Card Industry Data Security Standard	Compliance to meet industry standards		2018/19	Q2		
Mobile Working	Initiatives to promote agile working. Security (physical, environmental and technical) of data and hardware.					✓
Core Financial Reviews						
Housing Benefits			2017/18	Q3		
Council Tax			2017/18	Q3		
Accounts Payable			2018/19		✓	
			2017/18			
Accounts Receivable / Debt Management			2018/19		✓	
			2016/17			
Main Accounting	Programme of cyclical systems reviews		2018/19			✓
			2016/17			
Treasury Management			2018/19			✓
			2016/17			
Income Collection				Q2		
Capital Accounting			2017/18		✓	
NNDR			2017/18	Q3		

Audit	Risk / Scope	Strategic / Operational Risk	Previous IA Coverage	2019-20	2020-21	2021-22
Payroll			2018/19 2017/18		✓	
Organisation						
Property Management & Maintenance	Assurance over effectiveness and delivery repairs and maintenance to non-housing assets (planned & reactive).		2018/19			✓
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		Q1		
Income Generation & Commercialisation	Effectiveness of income generation / maximisation (rental income and leases, optimal use of subsidies, fees and charges). Review of relevant strategies. Setup and future deliverables of investment companies.	SR2			✓	
People						
Affordable Housing	Opportunities for development and alternative methods of delivery to meet organisational and national priorities.	SR6, SR9				✓
Homelessness	Assurance over management and prevention of homelessness. Working in partnership with housing associations and purchase of property to provide temporary / emergency accommodation.	SR6, OR1	2017/18		✓	
Housing	Effective Housing Policy and procedures to achieve desired outcomes. Development of Housing Strategy (project management.)	SR2	2017/18	Q3		

Audit	Risk / Scope	Strategic / Operational Risk	Previous IA Coverage	2019-20	2020-21	2021-22
Community Safety	Response to community safety and anti-social behaviour. To include PREVENT, East Surrey Community Safety Partnership, and community funding and grants.				✓	
Health & Leisure Facilities	Thematic reviews based on areas of significant risk. To include contract management of leisure centres (x3); community centres (x3). The Harlequin Theatre & Cinema is run in-house inherent risks cash handling, procurement, H&S, safeguarding.	OR8	2018/19		✓	
Community Development	Assurances over services designed to help residents retain their independence and reduce social isolation. Inherent risks include funding, demand, safeguarding.					✓
Supporting Families	Part of the national Troubled Families agenda. Devolved from SCC and provided on behalf of Tandridge and Mole Valley. To review the revised assurance arrangements in place with SCC from March 2020 onwards.			Q4		
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.	OR2		Q1		
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).				✓	
Development Management & Planning Policy	Development Management (planning applications, appeals, enforcement); Planning Policy (local plan, CIL, S106).	SR9	2018/19 2017/18 2016/17	Q4		

Audit	Risk / Scope	Strategic / Operational Risk	Previous IA Coverage	2019-20	2020-21	2021-22
Building Control	Partnership initiated in 2017 hosted by Tandridge DC across three partners MVDC, R&BBC and TDC. Agreement through IAA. To consider governance, deliverables and outcomes.		2017/18		✓	
Parks & Countryside	Grounds maintenance of parks, cemetery and open spaces in addition to road verges on behalf of Surrey County Council. Risk of reduced income in some services areas i.e. bereavement services.					✓
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			✓	
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.	OR4	2017/18 2016/17			✓
Disabled Facility Grants	Administration and compliance with local / legislative requirements.		2015/16			✓
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)	OR3	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				180	180	180

Appendix 1

2019/20 Audit Plan Overview

Audit	2019-20
Corporate	
Corporate Plan	Q1
Programme & Project Management	Q3
Governance	
Decision Making & Accountability	Q1
Human Resources & Organisational Development	Q2
Ethical Governance	Q3
Information Governance	Q4
IT	
Payment Card Industry Data Security Standard	Q2
System Development & Implementation	Q3
IT Business Continuity	Q4
Core Financials	
Income Collection	Q2
Housing Benefits	Q3
Council Tax	Q3
NNDR	Q3
Organisation	
Investments	Q1
People	
Refuse, Recycling & Street Cleansing	Q1
Housing	Q3
Supporting Families	Q4
Development Management & Planning Policy	Q4
Other	
Management	On-going
Total Days	180