

Internal Audit Plan

2020-21 / 2022-23

Reigate & Banstead Borough Council



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

Contents

Introduction	.....	3
Your Internal Audit Team	.....	4
Conformance with Internal Audit Standards	.....	4
Conflicts of Interest	.....	4
Reigate & Banstead 2025 - 5 Year Plan	.....	5
Council's Strategic Risks	.....	6 -7
Developing the internal audit plan 2020-21 / 2022-23	.....	8
Internal Audit Plan 2020-21 / 2022-23	.....	9 – 16
Appendix 1 – 2020-21 Audit Plan Overview	.....	17

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 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 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 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.

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 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	<p>Brexit - The UK's withdrawal agreement with the European Union includes a transition period where the pre-Brexit trade arrangements will continue to apply. The transition period ends on 31 December 2020, where, if successfully negotiated, new trade arrangements covering goods and services will be put in place. The impacts of any changes that result are difficult to predict, though it is possible that they could negatively impact the economy, therefore leading to an increase in the number of households requiring the Council's support. If new trade arrangements aren't negotiated then the transition period will elapse without a trade deal being in place, resulting in a no-deal Brexit which will likely have adverse effects on the economy.</p>
SR2	<p>Financial sustainability - The Council operates in a challenging and uncertain financial context. Whilst the outcome of the Government's ongoing Fair Funding Review and Business Rates Reset remain unknown, it is expected that once implemented they will result in further significant reductions in funding. The Council will therefore be increasingly reliant on income derived from investments, fees and charges and commercial activities – the ability to do so, however, may be restricted by changes in legislation, regulations and codes of practice. The failure to generate additional income will jeopardise the delivery of corporate objectives. Managing this risk is dependent on Officers and Members remaining ambitious in challenging circumstances.</p>
SR3	<p>Local Government reorganisation - 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 a new devolution agenda. The funding pressures impacting the wider sector may precipitate such circumstances. The results of a possible reorganisation are uncertain, though it could adversely affect this Council and the delivery of services for residents.</p>
SR4	<p>Partner public sector funding decisions - The public sector 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. In response the Council may be required to increase services or the support provided which could have funding and resource implications.</p>
SR5	<p>Organisational capacity and culture - The Council has adopted an ambitious Corporate Plan, supported by a capital investment, housing and Great People strategy. Delivering on these plans will require a continually ambitious and integrated organisation and culture, with Members and Officers working in a collaborative way in the taking of timely decisions. The failure to be ambitious will risk the delivery of these objectives.</p>
SR6	<p>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 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.</p>
SR7	<p>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 some 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.</p>

Ref	Risk Description
SR8	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.
SR9	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.
SR10	Horley Business Park - If the Council fail to take forward a vision with partners, this key development will be delayed. This will have an impact on the prosperity of the borough and the financial sustainability of the Council.
SR11	Gatwick Airport -Gatwick Airport has announced its intention to expand, through intensification of its existing operations and by bring its emergency runway into routine use as a second runway. It intends to submit a Development Consent Order for this second runway in 2020/21; with a decision anticipated by the Secretary of State in 2022/23. As a key employer, this intensification, as well as a decision (either way) on the second runway, could have a long-term impact on the local economy and infrastructure.

*Strategic Risks as per the Draft Strategic Risk Register 2020/21 (due to be presented to the Corporate Governance Group on 5 February 2020 and Executive on 23 April 2020)

DRAFT

Developing the internal audit plan 2020-21 / 2022-23

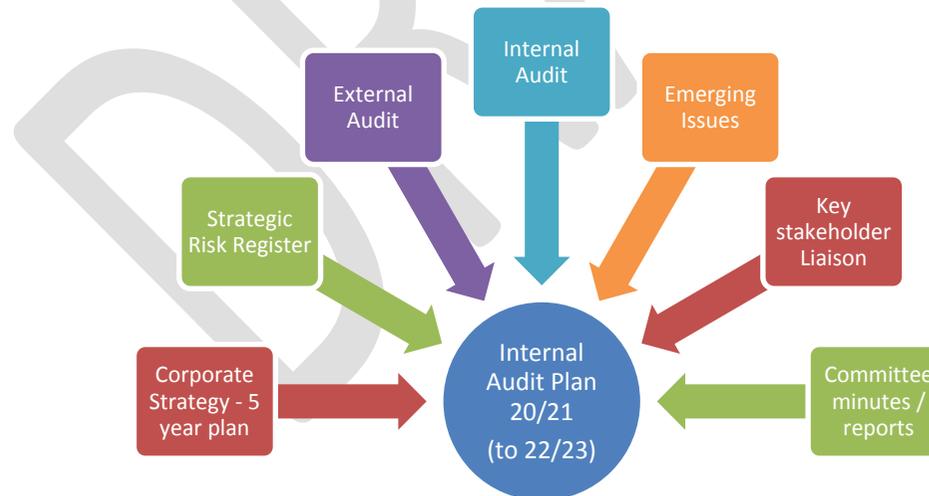
We have used various sources of information and discussed priorities for internal audit with the following groups:

- Corporate Governance Group
- Interim Head of Finance & Assets (S151 Officer)
- Directors & Heads of Service
- 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 2020-21 / 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	Risk / Scope	Strategic / Operational Risk	Previous IA Coverage	2020-21	2021-22	2022-23
Corporate						
Programme & Project Management	Assurance over project management framework and compliance in relation to delivery on live / ongoing projects through the PMO. To focus on a review of Marketfield Way	SR10, OR3	2019/20 (position statement)	Q2	✓	
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, SR4			✓	
Financial Resilience	Assurance over budgetary control, efficiency Plans, financial risks relating to assumptions made for medium term financial projections.	SR2, OR2, OR4, OR6, OR10	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. Focus on non-commercial partnerships and Inter Authority Agreements (IAA's).	SR3, SR4		Q1		
Corporate Plan	Assurances over the delivery of the Corporate Plan.	SR1, SR2, SR3, SR4, SR5, SR6, SR10	2019/20 2016/17		✓	✓
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, SR4	2017/18		✓	

Audit	Risk / Scope	Strategic / Operational Risk	Previous IA Coverage	2020-21	2021-22	2022-23
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.	SR5, OR9	2019/20			✓
Risk Management	Assurance over the risk management framework including governance, transparency and maturity.		2018/19 2017/18 2016/17	Q2		
Fraud & Irregularities	Cyclical assurance over the governance arrangements to prevent, detect and investigate fraud and irregularities.	SR9	2019/20			✓
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 • Use of Volunteers. 	SR5, OR4, OR6, OR7	2019/20 2015/16		✓	✓
Contract Management	Review of contract management arrangements and compliance across a selection of contracts in place. To include a review of the Leisure Centre contracts.	OR8	2018/19 2015/16	Q4		

Audit	Risk / Scope	Strategic / Operational Risk	Previous IA Coverage	2020-21	2021-22	2022-23
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.	OR8	2018/19 2015/16	Q4		
Health & Safety	Effective H&S strategy in place and operating effectively with effective governance, accountability and issue resolution. To incorporate a review of arrangements in place for lone working.		2016/17	Q3		
Information Governance	Assurance over information governance arrangements to include FOI, SAR, Transparency and General Data Protection Regulation (GDPR).	OR9, OR15	2018/19	Q2		✓
Ethical Governance	Evaluation of the design, implementation and effectiveness of RBBC's ethics-related objectives, equalities, programmes and activities (Officers & Members Code of Conduct).		2019/20		✓	
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 Planning (to be covered in 2020/21) • Emergency Planning (to be covered in 2021/22) 		2016/17	Q3	✓	
Annual Governance Statement	Cyclical assurance over the governance arrangements to compile, contribute and deliver the AGS.	OR9			✓	

Audit	Risk / Scope	Strategic / Operational Risk	Previous IA Coverage	2020-21	2021-22	2022-23
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.			Q1		
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	SR8	2019/20 2016/17			✓
System Development & Implementation	Systems Life Cycle, Project Management and Application Management.		2019/20 2016/17			✓
IT Disaster Recovery	Disaster recovery, system resilience.	SR8, OR16		Q4		
Networking & Communications	Virtualisation, operating system management				✓	
Payment Card Industry Data Security Standard	Compliance to meet industry standards	OR17	2018/19	Q4		
Mobile Working	Initiatives to promote agile working. Security (physical, environmental and technical) of data and hardware.				✓	
Core Financial Reviews						
Housing Benefits			2017/18	Q2		
Council Tax			2019/20 2017/18			✓
Accounts Payable	Programme of cyclical systems reviews		2018/19 2017/18		✓	

Audit	Risk / Scope	Strategic / Operational Risk	Previous IA Coverage	2020-21	2021-22	2022-23
Accounts Receivable / Debt Management			2018/19		✓	
Main Accounting			2016/17			
			2019/20			✓
			2018/19			
			2016/17			
Treasury Management			2018/19	Q3		
			2016/17			
Income Collection			2019/20			✓
Capital Accounting			2017/18		✓	
NNDR			2019/20			✓
			2017/18			
Payroll			2018/19	Q3		
			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	2019/20			✓
Income Generation & Commercialisation	Effectiveness of income generation / maximisation (rental income and leases, optimal use of subsidies, fees and charges). Review of relevant strategies based on financial pressures. Setup and future deliverables of investment companies.	SR2, OR3, OR10		Q1		

Audit	Risk / Scope	Strategic / Operational Risk	Previous IA Coverage	2020-21	2021-22	2022-23
People						
Affordable Housing	Opportunities for development and alternative methods of delivery to meet organisational and national priorities.	SR7			✓	
Homelessness	Assurance over management and prevention of homelessness. Working in partnership with housing associations and purchase of property to provide temporary / emergency accommodation.	SR6	2017/18	Q2		
Housing	Effective Housing Policy and procedures to achieve desired outcomes. Development of Housing Strategy (project management.)	SR2	2019/20 2017/18			✓
Community Safety	Response to community safety and anti-social behaviour. To include PREVENT, East Surrey Community Safety Partnership.			Q3		
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. 2020/21 wider review of contract management to include the leisure centres contract.		2018/19		✓	
Community Development	Assurances over services designed to help residents retain their independence and reduce social isolation. Inherent risks include funding, demand, safeguarding.	OR2			✓	
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.				✓	

Audit	Risk / Scope	Strategic / Operational Risk	Previous IA Coverage	2020-21	2021-22	2022-23
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.	OR10, OR13	2019/20			✓
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).	OR14		Q4		
Development Management & Planning Policy	Development Management (planning applications, appeals, enforcement); Planning Policy (local plan, CIL, S106).		2019/20 2018/19 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.	OR3			✓	
Economic Prosperity	Support to help local businesses start, develop and grow. Includes administering business support grants.	SR6		Q3		
Environmental Sustainability	Priority area within the Corporate Plan. Strategy being developed during 2020. Review of implementation and delivery.				✓	
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.	OR12	2017/18 2016/17		✓	

Audit	Risk / Scope	Strategic / Operational Risk	Previous IA Coverage	2020-21	2021-22	2022-23
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)	OR11	2015/16	Q2		
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				198	170	180

Appendix 1

2020/21 Audit Plan Overview

Audit	2020/21
Corporate	
Programme & Project Management (Marketfield Way)	Q2
Working in Partnership	Q1
Governance	
Information Governance	Q2
Risk Management	Q2
Health and Safety	Q3
Business Continuity & Emergency Planning	Q3
Contract Management	Q4
Commissioning & Procurement	Q4
IT	
IT Governance	Q1
Payment Card Industry Data Security Standard	Q4
IT Disaster Recovery	Q4
Core Financials	
Housing Benefits	Q2
Treasury Management	Q3
Payroll	Q3
Organisation	
Income Generation & Commercialisation	Q1
People	
Homelessness	Q2
Fleet Management	Q2
Community Safety	Q3
Economic Prosperity	Q3
Environmental Health & Licensing	Q4
Other	
Management	On-going
Total Days	198

DRAFT