



INTERNAL AUDIT PROGRESS REPORT APRIL 2019 – FEBRUARY 2020

Contents:

1.	Role of Internal Audit	3
2.	Purpose of report	4
3.	Performance Dashboard	5
4.	Analysis of ‘Completed’ audit reviews	7
5.	Planning and resourcing	9
6.	Rolling work programme	9
7.	Adjustments to the Plan	14

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 Audit Executive 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 Internal Audit Manager’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. Assurance opinions are categorised as follows:

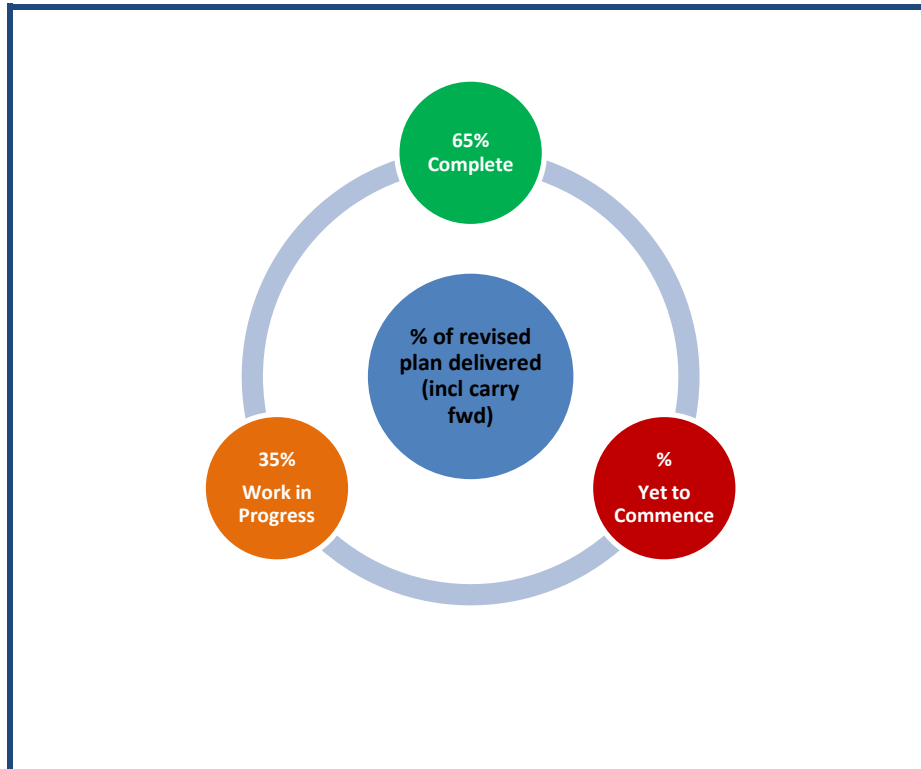
Substantial A sound framework of internal control is in place and is operating effectively. No risks to the achievement of system objectives have been identified.

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.

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 2015. The report concluded:

'It is our view that the Southern Internal Audit Partnership 'generally conforms' to all of the principles contained within the International Professional Practice Framework (IPPF); Public Sector Internal Audit Standards (PSIAS); and the Local Government Application Note (LGAN).

In accordance with PSIAS, a further self assessment was completed in April 2018 concluding that the Southern Internal Audit Partnership continues to comply with all aspects of the IPPF, PSIAS and LGAN.

4. Analysis of 'Completed' audit plan reviews

Internal Audit Plan Progress Report – April 2019 to February 2020

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Management Actions						
				Total Rec's Reported	Not Accepted	Not Yet Due	Complete	Overdue	Priority	
							L	M	H	
Planning Service VFM Review	18/07/2019	HOP&ED	Advisory	N/A						
Payroll Accuracy Report	02/08/2019	HOP&G	Advisory	5		1	4			
Management of water safety (Legionella)	08/08/2019	HOHO	Adequate	2	0	1	1			
Gas Safety Checks	08/08/2019	HOHO	Substantial	0	0	0	0			
Management of Asbestos	08/08/2019	HOHO	Limited	9	0	1	8			
Reconciliations	06/09/2019	HOFP	Adequate	10	0	2	8			
Responsive repairs and voids – new contract	29/10/2019	HOHO	Adequate	1	0	1	0			
Borough Hall	14/01/2020	HOCS &SP	Adequate	12(1)	0	7	5			
Planning Enforcement	22/01/2020	HOP&ED	Adequate	4(0)	0(0)	3(0)	1(0)			

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Management Actions						
				Total Rec's Reported	Not Accepted	Not Yet Due	Complete	Overdue	Priority	
								L	M	H
Vending Machine	24/01/2020	HOBT	Advisory	13(6)	0(0)		1(1)		7	5

Audit Sponsor			
HOF&P	<i>Head of Finance and Property - Peter Vickers</i>	HOBT	<i>Head of Business Transformation - David Allum</i>
HOP&G	<i>Head of Policy and Governance - Robin Taylor</i>	HOHO	<i>Head of Housing Operations - Hugh Wagstaff</i>
HOCS&SP	<i>Head of Commercial Services - Kelvin Mills</i>	HOHD&C	<i>Head of Housing Delivery & Communities - Andrew Smith</i>
HOES	<i>Head of Environmental Services - Richard Homewood</i>	HOP&ED	<i>Head of Planning and Economic Development – Zac Ellwood</i>
CEO	<i>Chief Executive - Tom Horwood</i>	SD Director/s	<i>Strategic Directors - Graeme Clark/Annie Righton</i>

5. Planning & Resourcing

The internal audit plan for 2019-20 was approved by the Audit Committee in March 2019.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. Section 8 details the reviews that have been added to the original plan approved in March 2019. Progress against the plan is detailed below in section 6 for those reviews not already included in Para 4 above.

6. Rolling Work Programme

IT programme / Audit Review	Audit Sponsor	Risk	Days	Qtr.	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Comment
*Recovery of debts (including Write Offs) (SIAP)	HOF&P	H	7.00	Q3	✓	✓	✓	✓			
**Accounts Payable (SIAP)	HOF&P	H	10.00	Q4	✓	✓	✓	✓		Adequate	
Reconciliations(IA)	HOF&P	H	7.00	Q2	✓	✓	✓	✓	✓	Adequate	
**Construction Industry Scheme (CIS) (SIAP)	HOF&P	H	7.00	Q4	✓	✓					
*IT Fraud Risk Assessment (SIAP)	HOBT	SR	5.00	Q3	✓	✓	✓	✓		Advisory	
*Firewalls/Cloud Security (SIAP)	HOBT	H	5.00	Q4	✓	✓	✓	✓		Limited	
*Agresso/Orchard Interface (SIAP)	HOF&P	H	7.00	Q3	✓	✓	✓				

Internal Audit Plan Progress Report – April 2019 to February 2020

IT programme / Audit Review	Audit Sponsor	Risk	Days	Qtr.	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Comment
*Gas Maintenance in Waverley Properties (SIAP)	HOHO	H	7.00	Q2	✓	✓	✓	✓	✓	Substantial	
*Legionella checks re Waverley Property Ownership (SIAP)	HOHO	H	7.00	Q2	✓	✓	✓	✓	✓	Adequate	
*Asbestos Exposure in Waverley Properties (HRA and GF) (SIAP)	HOHO	H	7.00	Q2	✓	✓	✓	✓	✓	Limited	
Air Quality (IA)	HOES/SD	H	10.00	Q4	✓	✓					Follow up review re action points
**Housing Kitchen & Bathrooms Replacement programme (SIAP)	HOHO	H	10.00	Q4	✓	✓	✓				
*Responsive repairs and voids – new contract (SIAP)	HOHO	H	15.00	Q4	✓	✓	✓	✓	✓	Adequate	
Private Sector Housing (HMO) (IA)	HOHD&C	H	7.00	Q3	✓	✓	✓				
*Borough Hall (SIAP)	HOCS	H	7.00	Q2	✓	✓	✓	✓	✓	Adequate	

Internal Audit Plan Progress Report – April 2019 to February 2020

IT programme / Audit Review	Audit Sponsor	Risk	Days	Qtr.	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Comment
Vending Machines (IA)	HOBT	SR	7.00	Q2	✓	✓	✓	✓	✓	Advisory	
Payroll Accuracy (IA)	SD	SR	15.00	Q2	✓	✓	✓	✓	✓	Advisory	
Planning - Benchmarking exercise (IA)	SD	SR	20.00	Q1	✓	✓	✓	✓	✓	Advisory	
*Planning Enforcement (SIAP)	HOP&ED	H	10.00	Q3	✓	✓	✓	✓	✓	Adequate	
*Community Infrastructure Levy (SIAP)	HOP&ED	H	10.00	Q4	✓	✓	✓				
**Management of Major Construction projects - lessons learned from Brightwells and Memorial Hall (SIAP)	SD	H	07.00	Q4	✓	✓					
**Planning Fee Income (SIAP)	SD	H	17.00	Q4	✓	✓					
Total Plan Days			204								
Total Days Delivered (Draft Report Stage onwards)			129								

Internal Audit Plan Progress Report – April 2019 to February 2020

IT programme / Audit Review	Audit Sponsor	Risk	Days	Qtr.	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Comment
Still to be delivered			75								
Fraud and/or Irregularities (IA)	SD		35								
Management											

We use the following levels of assurance and prioritisations in our audit reports:

Assurance Opinion	Framework of governance, risk management and management control
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.

Management Actions	Current risk
High Priority	A significant risk of; failure to achieve objectives; fraud or impropriety; system breakdown; loss; or qualification of the accounts by the organisation's external auditors. Such risk could lead to adverse impact on the organisation or expose the organisation to criticism.
Medium Priority	A serious, but not immediate risk of: failure to achieve objectives; system breakdown; or loss.
Low Priority	Areas that individually have no major impact, but where management would benefit from improved risk management and / or have the opportunity to achieve greater efficiency and / or effectiveness.

7. Adjustment to the Internal Audit Plan

Audit reviews deferred from the 2019-20 Audit plan to be included in 2020-21 Audit Plan		
Main Accounting	10 Days	
Payroll	7 Days	
Leasehold Service Charges	10 Days	
Disability Facilities Grants	10 Days	
Film and Events	10 Days	
Property Investment	10 Days	
Ethics and Culture	7 Days	
Planning Housing Delivery Monitoring Process	15 Days	
		Total 79 Days

Audit reviews Added to the 2019-20 Audit plan		
Planning Service VFM	20 Days	
Assurance on Payroll Accuracy	15 Days	
Accounts Payable	10 Days	
Planning system allocation to officers change	15 Days	
Special re Non Business related purchases	20 Days	
Planning Fee Income	17 Days	Total 92 Days