



**Contents:**

|           |  |           |
|-----------|--|-----------|
| <b>1.</b> | <b>Role of Internal Audit</b>                                    | <b>3</b>  |
| <b>2.</b> | <b>Purpose of report</b>   | <b>4</b>  |
| <b>3.</b> | <b>Performance Dashboard</b>                                     | <b>5</b>  |
| <b>4.</b> | <b>Analysis of 'Completed' audit reviews</b>                     | <b>7</b>  |
| <b>5.</b> | <b>Executive summaries 'Limited' and 'No' assurance opinions</b> | <b>10</b> |
| <b>6.</b> | <b>Planning and resourcing</b>                                   | <b>12</b> |
| <b>7.</b> | <b>Rolling work programme</b>                                    | <b>13</b> |
| <b>8.</b> | <b>Adjustments to the Plan</b>                                   | <b>17</b> |

## 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:

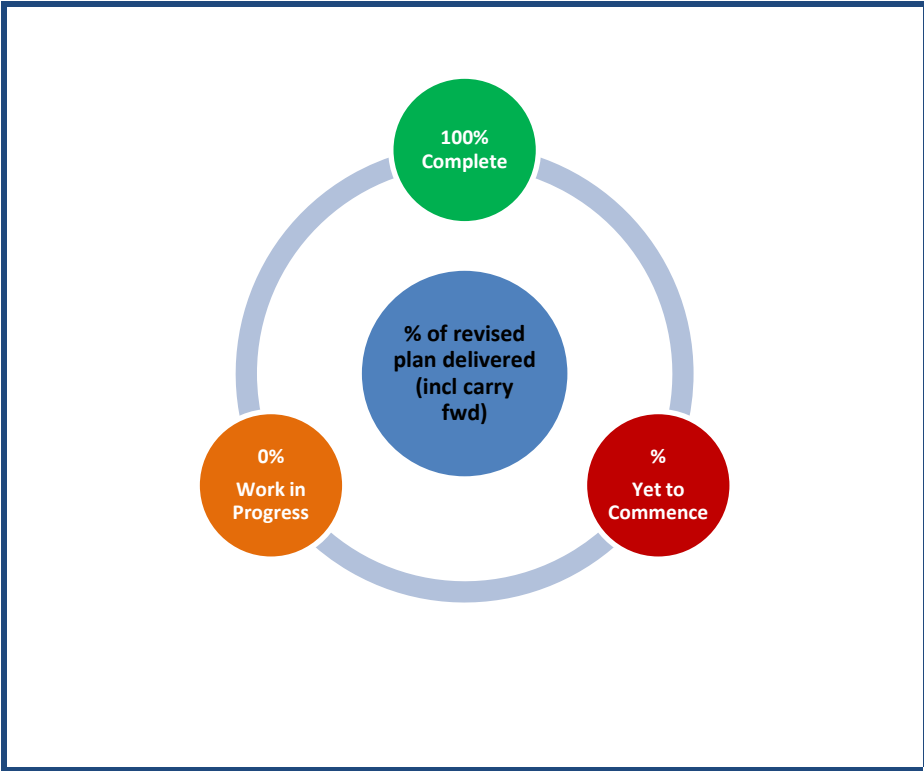
**Substantial** A sound framework of internal control is in place and is operating effectively. No risks to the achievement of system objectives have been identified.

**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. An external Quality Assessment is planned in 2020 to be completed by the Chartered Institute of Internal Auditors (CIIA), which will incorporate both the .the contractor

## 4. Analysis of 'Completed' audit plan reviews

| Audit Review                                | Report Date | Audit Sponsor | Assurance Opinion | Management Actions |              |             |             |                  |   |   |   |
|---|-------------|---------------|-------------------|--------------------|--------------|-------------|-------------|------------------|---|---|---|
|   |             |               |                   | Reported           | Not Accepted | Not Yet Due | Implemented | 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(0)               | 0(0)         | 1(0)        | 4(0)        |                  |   |   |   |
| Management of water safety (Legionella)     | 08/08/2019  | HOHO          | Adequate          | 2(0)               | 0(0)         | 0(0)        | 2(0)        |                  |   |   |   |
| Gas Safety Checks                           | 08/08/2019  | HOHO          | Substantial       | 0(0)               | 0(0)         | 0(0)        | (0)0        |                  |   |   |   |
| Management of Asbestos                      | 08/08/2019  | HOHO          | Limited           | 9(6)               | 00(0)        | 0(0)        | 9(6)        |                  |   |   |   |
| Reconciliations                             | 06/09/2019  | HOFPP         | Adequate          | 10(0)              | 0(0)         | 0(0)        | 10(0)       |                  |   |   |   |
| Responsive repairs and voids – new contract | 29/10/2019  | HOHO          | Adequate          | 1(0)               | 0(0)         | 0(0)        | 1(0)        |                  |   |   |   |
| Borough Hall                                | 14/01/2020  | HOCS &SP      | Adequate          | 12(1)              | 0(0)         | 0(0)        | 12(1)       |                  |   |   |   |
| Planning Enforcement                        | 22/01/2020  | HOP&ED        | Adequate          | 4(0)               | 0(0)         | 1(0)        | 2(0)        |                  | 1 |   |   |

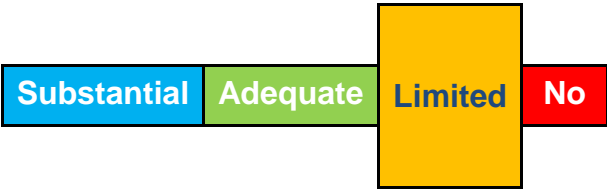
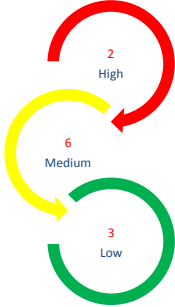
| Audit Review                              | Report Date | Audit Sponsor | Assurance Opinion | Management Actions |              |             |             |                  | L | M | H |
|---|-------------|---------------|-------------------|--------------------|--------------|-------------|-------------|------------------|---|---|---|
|   |             |               |                   | Reported           | Not Accepted | Not Yet Due | Implemented | Overdue Priority |   |   |   |
| Vending Machine                           | 24/01/2020  | HOB T         | Advisory          | 13(6)              | 0(0)         | 0(0)        | 13(6)       |                  |   |   |   |
| Recovery of Debt                          | 20/03/2020  | HOF& P        | Limited           | 11(2)              | 0(0)         | 0(0)        | 11(2)       |                  |   |   |   |
| Private Sector Housing HMOs               | 06/05/2020  | HOHD & C      | Adequate          | 4(0)               | 0(0)         | 0(0)        | 4(0)        |                  |   |   |   |
| IT Fraud Risk Assessment                  | 08/08/2019  | SD            | Advisory          |                    |              |             |             |                  |   |   |   |
| Accounts Payable                          | 20/03/2020  | HOF& P        | Adequate          | 8(5)               | 0(0)         | 8(4)        | 8(5)        |                  |   |   |   |
| Community Infrastructure Levy             | 24/04/2020  | HOP&ED        | Substantial       | 1(0)               | 0(0)         | 1(0)        | 0(0)        |                  | 1 |   |   |
| Firewalls                                 | 26/05/2020  | HOB T         | Limited           | 6(0)               | 0(0)         | 6(0)        | 0(0)        |                  |   |   |   |
| Kitchen & Bathrooms                       | 17/04/2020  | HOHO          | Adequate          | 4(0)               | 0(0)         | 0(0)        | 4(0)        |                  |   |   |   |
| Construction Industry Scheme              | 15/05/2020  | HOF& P        | Adequate          | 4(1)               | 0(0)         | 0(0)        | 4(1)        |                  |   |   |   |
| Planning Fee Income                       | 25/06/2020  | HOP&ED        | Adequate          | 11(7)              | 0(0)         | 11(7)       | 0(0)        |                  |   |   |   |
| Management of Major Construction projects | 01/07/2020  | HOHD & C      | Adequate          | 1(0)               | 0(0)         | 1(0)        | 0(0)        |                  |   |   |   |
| Orchard/Agresso Interface                 | 01/07/2020  | HOHO & HOF& P | Adequate          | 3(0)               | 0(0)         | 3(0)        | 0(0)        |                  |   |   |   |



| Audit Review | Report Date | Audit Sponsor | Assurance Opinion | Management Actions |              |             |             |                  |   |   |
|--------------|-------------|---------------|-------------------|--------------------|--------------|-------------|-------------|------------------|---|---|
|              |             |               |                   | Reported           | Not Accepted | Not Yet Due | Implemented | Overdue Priority |   |   |
|              |             |               |                   |                    |              |             |             | L                | M | H |
| Air Quality  | 10/07/2020  | HOES          | Adequate          | 1(0)               | 0(0)         | 0(0)        | 0(0)        |                  |   |   |

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

5. Executive Summaries of reports published concluding a ‘Limited’ or ‘No’ assurance opinion

| RECOVERY OF DEBTS   |  |  |
|---|--|--|
| <p><b>Sponsor:</b><br/>Strategic Director S151 officer Graeme Clark</p> <p><b>Head of Finance and Property</b><br/>Peter Vickers</p> <p><b>Final Report Issued: 28 March 2020</b></p>   | <p><b>Assurance opinion:</b></p>  | <p><b>Management Actions:</b></p>  |
| <p><b>Summary of key observations:</b></p> <ul style="list-style-type: none"> <li>• Whilst new debt recovery processes have been prepared detailing timescales and actions to be taken in terms of recovering outstanding debt the new processes have not yet been finalised for publication.</li> <li>• Debt recovery action is taking place, and whilst debts are being chased recovery action isn't consistent across the</li> </ul> |  |  |

Council.

- Improvements in consistency should be seen once the new debt recovery processes have been finalised and published.
- Debt suppression is not monitored in a consistent manner across the Council's departments.
- Testing of the write off process found the Council are unable to demonstrate that all write offs have been adequately approved.
- No oversight mechanism was in place with which to monitor and check debtor account maintenance, such a mechanism would improve the control environment around the integrity and security of information on debtor accounts.

**Management Response / Update:**

All recommendations have been implemented since 28 April 2020

Procedure notes have been finalised and completed and distributed to those involved in Debt Recovery providing consistency of application

On Hold accounts will be monitored and notification of changes report will be generated.

Write offs will be held electronically as well as signed listed will be printed copy.

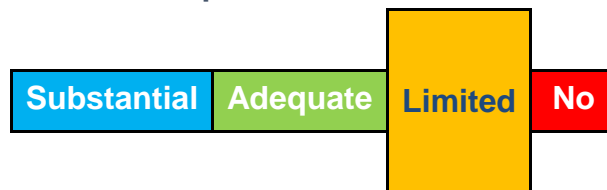
Write offs will include comment on recovery action taken

An audit report of changes to the debtor accounts will be reviewed against back up documentation by the Financial Manager weekly and the report will be signed and filed

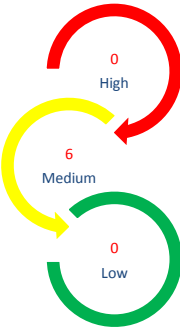
**FIREWALLS**

**Directorate Sponsor/s:**  
Annie Righton  
David Allum

**Assurance opinion:**



**Management Actions:**

|   |  |   |
|---|--|---|
| <p><b>Final Report Issued: 26<sup>th</sup> May 2020</b></p>   |  |  |
| <p><b>Summary of key observations:</b></p> <ul style="list-style-type: none"> <li>• IT do not hold a documented policy that specifies responsibility for the implementation, configuration and administration of firewalls.</li> <li>• There is no documented change management procedure in place for the implementation or modification of firewall rules.</li> <li>• IT do not follow a regular procedure to ensure that firewall rules in place remain current and safe for the corporate network.</li> <li>• The business need / justification for the addition of firewall rules is not supported by formal documentation.</li> </ul> |  |   |
| <p><b>Management Response / Update:</b></p> <p>The following actions are to be implemented by the Service Manager</p> <p>Create a form to request firewall changes,<br/>         Implement a process so that all firewall changes are documented<br/>         Implement a monthly review of firewall rules<br/>         Document the policy for the responsibility for the implementation, configuration and administration of firewalls<br/>         Include change management in the documented Firewall rule change process</p> <p>These actions are scheduled to be completed by 30 August 2020</p>                                     |  |   |

## 6. This 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 7 for those reviews not already included in Para 4 above.

## 7. 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 |
|---|---------------|------|-------|------|---------|----------------------|-----------|---------------------|---------------------|-------------------|---------|
| <b>*Recovery of debts (including Write Offs) (SIAP)</b> | HOF&P         | H    | 7.00  | Q3   | ✓       | ✓                    | ✓         | ✓                   | ✓                   | Limited           |         |
| <b>**Accounts Payable (SIAP)</b>                        | HOF&P         | H    | 10.00 | Q4   | ✓       | ✓                    | ✓         | ✓                   | ✓                   | Adequate          |         |
| <b>Reconciliations( IA)</b>                             | HOF&P         | H    | 7.00  | Q2   | ✓       | ✓                    | ✓         | ✓                   | ✓                   | Adequate          |         |

| IT programme / Audit Review   | Audit Sponsor | Risk | Days  | Qtr. | Scoping | Audit Outline Issued | Fieldwork | Draft Report Issued | Final Report Issued | Assurance Opinion | Comment |
|---|---------------|------|-------|------|---------|----------------------|-----------|---------------------|---------------------|-------------------|---------|
| <b>**Construction Industry Scheme (CIS) (SIAP)</b>                    | HOF&P         | H    | 7.00  | Q4   | ✓       | ✓                    | ✓         | ✓                   | ✓                   | Adequate          |         |
| <b>*IT Fraud Risk Assessment (SIAP)</b>                               | HOBT          | SR   | 5.00  | Q3   | ✓       | ✓                    | ✓         | ✓                   | ✓                   | Advisory          |         |
| <b>*Firewalls/Cloud Security (SIAP)</b>                               | HOBT          | H    | 5.00  | Q4   | ✓       | ✓                    | ✓         | ✓                   | ✓                   | Limited           |         |
| <b>*Agresso/Orchard Interface (SIAP)</b>                              | HOF&P         | H    | 7.00  | Q3   | ✓       | ✓                    | ✓         | ✓                   | ✓                   | Adequate          |         |
| <b>*Gas Maintenance in Waverley Properties (SIAP)</b>                 | HOHO          | H    | 7.00  | Q2   | ✓       | ✓                    | ✓         | ✓                   | ✓                   | Substantial       |         |
| <b>*Legionella checks re Waverley Property Ownership (SIAP)</b>       | HOHO          | H    | 7.00  | Q2   | ✓       | ✓                    | ✓         | ✓                   | ✓                   | Adequate          |         |
| <b>*Asbestos Exposure in Waverley Properties (HRA and GF) (SIAP)</b>  | HOHO          | H    | 7.00  | Q2   | ✓       | ✓                    | ✓         | ✓                   | ✓                   | Limited           |         |
| <b>*Planning Enforcement (SIAP)</b>                                   | HOP&ED        | H    | 10.00 | Q3   | ✓       | ✓                    | ✓         | ✓                   | ✓                   | Adequate          |         |
| <b>**Housing Kitchen &amp; Bathrooms Replacement programme (SIAP)</b> | HOHO          | H    | 10.00 | Q4   | ✓       | ✓                    | ✓         | ✓                   | ✓                   | Adequate          |         |

2019-20 Internal Audit Plan Progress Report

| IT programme / Audit Review  | Audit Sponsor | Risk | Days  | Qtr. | Scoping | Audit Outline Issued | Fieldwork | Draft Report Issued | Final Report Issued | Assurance Opinion | Comment |
|--|---------------|------|-------|------|---------|----------------------|-----------|---------------------|---------------------|-------------------|---------|
| <b>*Responsive repairs and voids – new contract (SIAP)</b>   | HOHO          | H    | 15.00 | Q4   | ✓       | ✓                    | ✓         | ✓                   | ✓                   | Adequate          |         |
| <b>Private Sector Housing (HMO) (IA)</b>   | HOHD&C        | H    | 7.00  | Q3   | ✓       | ✓                    | ✓         | ✓                   | ✓                   | Adequate          |         |
| <b>*Borough Hall (SIAP)</b>  | HOCS          | H    | 7.00  | Q2   | ✓       | ✓                    | ✓         | ✓                   | ✓                   | Adequate          |         |
| <b>Vending Machines (IA)</b>   | HOBT          | SR   | 7.00  | Q2   | ✓       | ✓                    | ✓         | ✓                   | ✓                   | Advisory          |         |
| <b>Payroll Accuracy (IA)</b>   | SD            | SR   | 15.00 | Q2   | ✓       | ✓                    | ✓         | ✓                   | ✓                   | Advisory          |         |
| <b>Planning - Benchmarking exercise (IA)</b>   | SD            | SR   | 20.00 | Q1   | ✓       | ✓                    | ✓         | ✓                   | ✓                   | Advisory          |         |
| <b>*Community Infrastructure Levy (SIAP)</b>   | HOP&ED        | H    | 10.00 | Q4   | ✓       | ✓                    | ✓         | ✓                   | ✓                   | Substantial       |         |
| <b>**Planning Fee Income (SIAP)</b>  | SD            | H    | 17.00 | Q4   | ✓       | ✓                    | ✓         | ✓                   | ✓                   | Adequate          |         |
| <b>**Management of Major Construction projects - lessons learned from Brightwells and Memorial Hall (SIAP)</b> | SD            | H    | 07.00 | Q4   | ✓       | ✓                    | ✓         | ✓                   | ✓                   | Adequate          |         |

| IT programme / Audit Review            | Audit Sponsor | Risk | Days       | Qtr. | Scoping | Audit Outline Issued | Fieldwork | Draft Report Issued | Final Report Issued | Assurance Opinion | Comment |
|--|---------------|------|------------|------|---------|----------------------|-----------|---------------------|---------------------|-------------------|---------|
| Air Quality (IA)                       | HOES/SD       | H    | 10.00      | Q4   | ✓       | ✓                    | ✓         | ✓                   | ✓                   | Adequate          |         |
| <b>Total Audit Plan Days</b>           |               |      | <b>204</b> |      |         |                      |           |                     |                     |                   |         |
| <b>Total Audit Plan Days Delivered</b> |               |      | <b>204</b> |      |         |                      |           |                     |                     |                   |         |
| <b>Still to be delivered</b>           |               |      | <b>0</b>   |      |         |                      |           |                     |                     |                   |         |
| Fraud and/or Irregularities (IA)       | SD            |      | 35         |      |         |                      |           |                     |                     |                   |         |
| <b>Management (IAM)</b>                |               |      | <b>160</b> |      |         |                      |           |                     |                     |                   |         |

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

| Assurance Opinion  | Framework of governance, risk management and management control  |
|--------------------|--|
| <b>Substantial</b> | A sound framework of internal control is in place and is operating effectively. No risks to the achievement of system objectives have been identified. |



|                           |   |
|---------------------------|---|
| <b>Adequate</b>           | 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.   |
| <b>Limited</b>            | 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.   |
| <b>No</b>                 | 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.  |
| <b>Management Actions</b> | <b>Current risk</b>   |
| <b>High Priority</b>      | 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. |
| <b>Medium Priority</b>    | A serious, but not immediate risk of: failure to achieve objectives; system breakdown; or loss.   |
| <b>Low Priority</b>       | 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.  |

## 8. Adjustment to the Internal Audit Plan

| Audit reviews deferred from the 2019-20 Audit plan to be included in 2020-21 Audit Plan |         |
|---|---------|
| <b>Main Accounting</b>  | 10 Days |
| <b>Payroll</b>  | 7 Days  |
| <b>Leasehold Service Charges</b>  | 10 Days |

|   |         |               |
|---|---------|---------------|
| <b>Disability Facilities Grants</b>                 | 10 Days |               |
| <b>Film and Events</b>                              | 10 Days |               |
| <b>Property Investment</b>                          | 10 Days |               |
| <b>Ethics and Culture</b>                           | 7 Days  |               |
| <b>Planning Housing Delivery Monitoring Process</b> | 15 Days |               |
|   |         | Total 79 Days |

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