



2020-2021 INTERNAL AUDIT PLAN PROGRESS REPORT

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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 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. The contractor has adopted the new CIPFA recommended standard terminology and definitions to be used in internal audit engagements across the whole Public sector and for a standard set of opinions and supporting definitions for internal audit service provider to use. This has resulted in minor amendments to those previously used by Southern internal Audit Partnership and adopted by the internal inhouse provision in accordance with best practice.

The recommended CIPFA classifications:-

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.

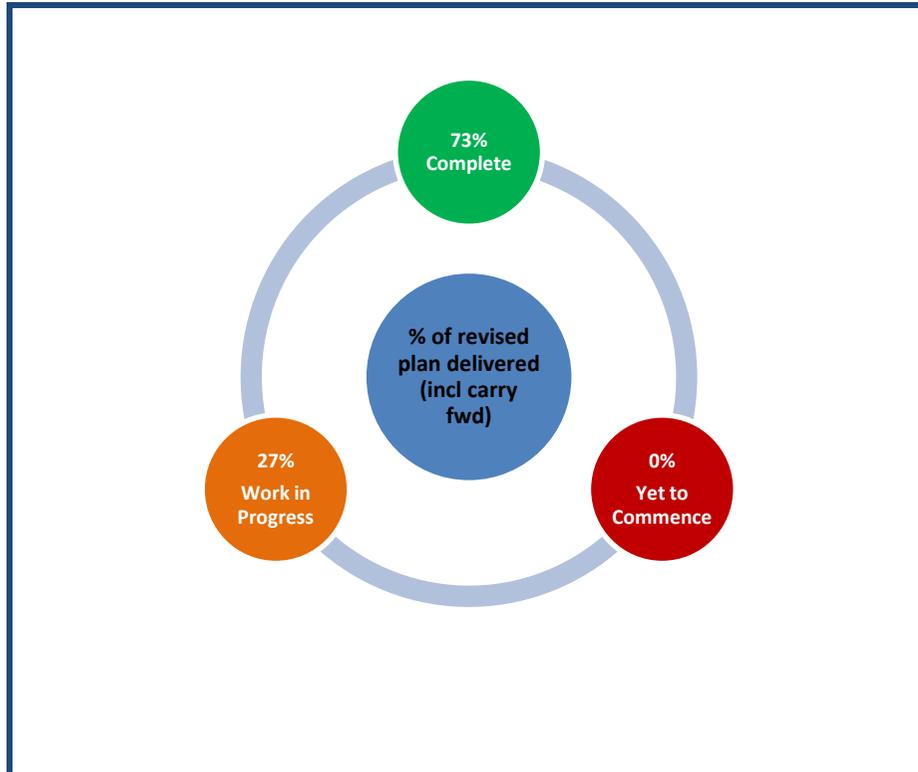
Reasonable There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited

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 'Completed' audit plan reviews

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Management Actions						
				Total Action Reported	Not Accepted	Not Yet Due	Complete	Overdue Actions	Priority	
								L	M	H
BACS Process	21/10/2020	HOF & P & HOHO	Reasonable	8	0	8	3	1	4	
Rent Collection	28/10/2020	HOHO	Reasonable	5		4	4			
Planning portal public comments on applications (IA)	22/01/2021	HOP&ED	Advisory	3		3				
Gas Servicing of boilers in council homes (IA)	19/01/2021	HOHO	Reasonable	3		3				

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 2020-21 was approved by the Audit Committee in March 2020.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. Section 7 details the reviews that have been added/removed/deferred to the original plan approved by the Audit Committee March 2020. Progress against the plan is detailed below in Section 6. This plan will be delivered within the budget allocated as detailed in Section 8 of this report.

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
INFORMATION TECHNOLOGY											
IT Inventory Control and Licensing for Software (C)	HOBT	H	5	Q4	✓	✓	✓				
APPLICATIONS SYSTEMS IN SERVICE AREAS											
BACS Process(C)	HOF & P AND OTHER HOS	H	5	Q1/2	✓	✓	✓	✓	✓	Reasonable	
Systems Administrator Activities (C)	ALL HOS	H	10	Q4	✓	✓	✓				
KEY FINANCIAL SYSTEM											
Payroll (Deferred from 2019/20) (C)	HOP & G	H	10	Q2/4	✓	✓	✓	✓		Reasonable	
Main Accounting (Deferred from 2019/20) (C)	HOF&P	H	10	Q4	✓	✓	✓	✓		Reasonable	
Car Parking Income and PCN Write Offs (C)	HOE& RS	H	10	Q2/4	✓	✓	✓				

IT programme / Audit Review	Audit Sponsor	Risk	Days	Qtr.	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Comment
Rent Collection (C)	HOHO	H	7	Q1/2	✓	✓	✓	✓	✓	Reasonable	
SERVICE AREAS											
Service Charges - Leasehold Flats(C)	HOS	H	10	Q4	✓	✓	✓				
Disability Facilities Grants Private Sector Housing (IA)	HOHD&C	H	10	Q3/4	✓	✓	✓				
Planning portal public comments on applications (IA)	HOP&ED	M	20	Q2/3	✓	✓	✓	✓	✓	Advisory	
Gas Servicing of boilers in council homes (IA)	HOHO	M	5	Q2	✓	✓	✓	✓	✓	Reasonable	
Decant and Demolition of council homes process (C)	HOHO	M	10	Q1/2	✓	✓	✓	✓		Limited	
Loans paid for Rent Deposits in Advance to prevent homelessness (C)	SD	H	7	Q3/4	✓	✓	✓				
CORPORATE/CROSS CUTTING											

Internal Audit Plan Progress Report – April 2020 – February 2021

IT programme / Audit Review	Audit Sponsor	Risk	Days	Qtr.	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Comment
Compliance monitoring for council owned buildings re CIPFA guidance. (C)	HOF&P	M	7	Q1/2	✓	✓	✓	✓			
Procurement levels with Suppliers (C)	HOF&P	H	10	Q1/2	✓	✓	✓	✓		Limited	
Payments process for new housing repairs contractor (C)	HOHO	H	10	Q2/3	✓	✓	✓				
Safeguarding (C)	HOHD&C	H	7	Q3/4	✓	✓	✓				
Ethics including Declaration of Interests, gifts and Hospitality (C)	HOG&P	H	10	Q4	✓	✓	✓				
Positions with sole responsibility for a service function including data returns to third parties risk mitigation strategies re – (IA)	Audit Committee	M	20	Q3/4	✓	✓	✓				
Exacom – CIL & S106 income via Agresso	S151 Officer	H	7	Q3	✓	✓	✓	✓			

Internal Audit Plan Progress Report – April 2020 – February 2021

IT programme / Audit Review	Audit Sponsor	Risk	Days	Qtr.	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Comment
(C)											
No of Audit Plan days allocated			190								
Days currently allocated to Southern Internal Audit Partnership			135								
AP Days currently allocated to Internal Audit Manager			55								

7. Adjustments to the Internal Audit Plan

Audit reviews deferred or removed from the 2020-21 Audit plan	
Planning Housing Delivery Monitoring Process (Defer until 2021-22 Plan) (IA)	15 Days
Repair Recharges for Void properties to vacating tenants process (Defer until 2021-22 Plan re post not in place) (C)	10 Days
Post payment Business Grant compliance (To be included in 2021-22 Plan) (C)	10 Days
Health & Safety (until 2021-22 Plan Re outcomes of CIPFA Compliance review already completed in 2020-21) (C)	7 Days
Film and Events (Defer until activity increases) (C)	10 Days
Total 52 Days	

Audit reviews added to the 2020-21 Audit plan	
Positions with sole responsibility for a service functions including data returns provided to third Parties, what risk mitigation strategies (AC)	20 Days
Planning Portal re Public Comments on Applications (IA)	20 Days
Exacom CIL income collection via Agresso (SD) (C)	7 Days
Loans for rent deposits in advance re prevention of homelessness (C)	7 Days
Total 54 Days	

8. Other activities to be resourced from the Audit Service

National Fraud Initiative (NFI) - Internal Audit continues to support the NFI which is a biennial data matching exercise administered by the Cabinet Office. The data collections for the 2021/22 exercise have been uploaded to the Cabinet Office. The data matching reports were released on 28th January 2021. The timetable can be found using the following link www.gov.uk NFI timetables. Examples of data sets include insurance, payroll, creditors, Licencing, and Housing. Not all matches are investigated but where possible all recommended matches are reviewed by either Internal Audit or the appropriate service area.

9. Budget Expenditure to date

Cost Centre R0202 Internal Audit	Current Approved Budget	Committed/Salaries and NI and service costs.	Remaining Balance at 05/02/2021	Estimated Number of Audit Days Planned to be delivered (Incl IAM)
Total Internal Audit Budget	£152,000	£102,000	£50,000	330 Days