



2021-2022 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:-

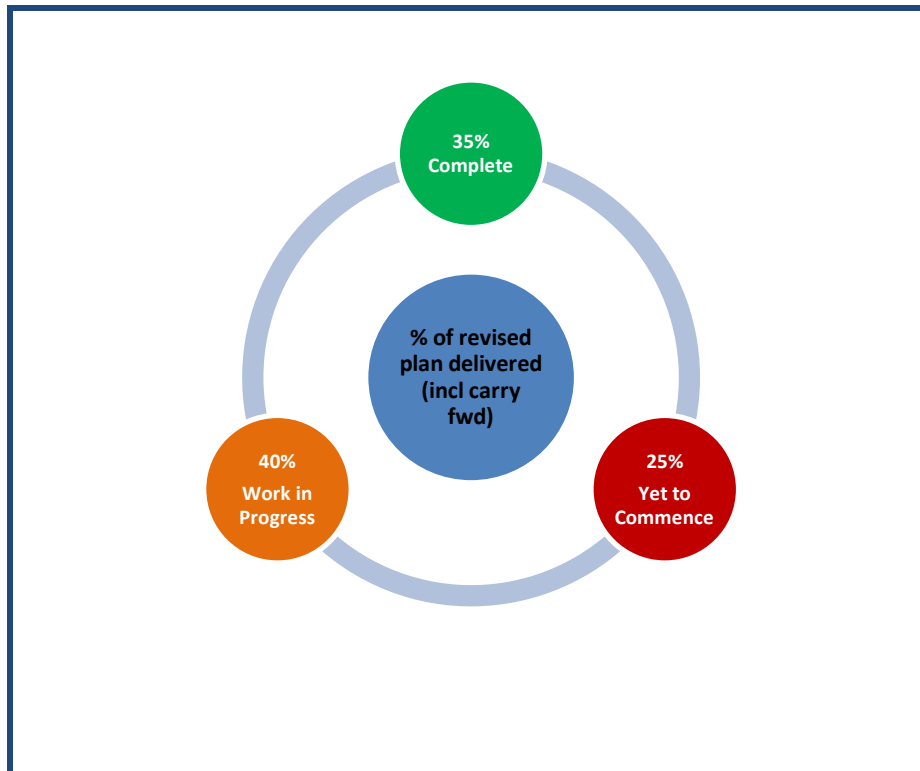
Substantial A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

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	Final Report Issued Date	Audit Sponsor	Assurance Opinion	Management Actions						
				Total Action Reported	Not Accepted	Not Yet Due	Complete	Overdue Actions		
								L	M	H
Post Payment Business Grant Compliance	10/09/2021	HOF&P	Substantial	0						
IT Risk Assessment of our current environment (remote working and server capacity etc.)	14/10/2021	SD (151)	Advisory	0						
Responsive Repairs	08/10/2021	HOHO	Reasonable	6						
Treasury Management	08/10/2021	HOF&P	Substantial	1		1				
Lone Working Policy		HOER								

HOF&P	<i>Head of Finance and Property - Peter Vickers</i>	HOBT	<i>Head of Business Transformation - David Allum</i>
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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 and Regulatory 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 2021-22 was approved by the Audit Committee on 1st March 2021.

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 2021. 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 programme / Audit Review	Audit Sponsor	Risk	Days	Qtr.	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Comment
IT Risk Assessment of our current environment (remote working and server capacity etc.) (C)	HOBT	H	3	Q1	✓	✓	✓	✓	✓	Advisory	
APPLICATIONS SYSTEMS IN SERVICE AREAS											
Horizon Planning System (C)	HOP&ED	H	10	Q3-4	✓						
Further reviews to be decided based on the results of the Audit Needs Analysis above (C)	ALL HOS	H	10	Q3-4							
KEY FINANCIAL SYSTEM											
Post Payment Business Grant Compliance (C/F 2020-21) (C)	HOF&P	H	15	Q1	✓	✓	✓	✓	✓	Substantial	
Treasury Management (C)	HOF&P	H	7	Q1	✓	✓	✓	✓	✓	Substantial	
Council Tax Reduction Scheme (IA)	HOF&P	H	10	Q3-4							

IT programme / Audit Review	Audit Sponsor	Risk	Days	Qtr.	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Comment
Debt Management (C)	HOF&P	H	10	Q2	✓	✓	✓				
Collection of Fees and Charges (C)	ALL HOS	H	7	Q3-4	✓						
Housing Rent Recovery (C)	HOHO	H	7	Q2-4	✓	✓	✓				
Payroll Transactions	HOP & G	H	5	Q3-4	✓	✓					
SERVICE AREAS											
Property Terrier (IA)	HOF & P	H	12	Q3-4							
Gas Servicing of boilers in council homes (IA)	HOHO	M	5	Q2							
Repairs Recharges for Void properties to vacating Tenants (C/F 2020-21) (C)	HOHO	M	10	Q3-4							
Responsive Repairs (C)	HOHO	M	10	Q1	✓	✓	✓	✓	✓	Reasonable	
Planning Housing Delivery Monitoring Process (CF 2020-21) (C)	HOP&ED	M	12	Q2-3	✓						

IT programme / Audit Review	Audit Sponsor	Risk	Days	Qtr.	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Comment
Sinking Funds Re Leaseholders (IAM)	HOHO	M	25	Q2-3	✓	✓	✓	✓		Advisory	
Waste Management (Bin stocks and Stores controls and Missed Bin contractual terms) (C)	HOE&RS	M	10	Q3	✓	✓					
CORPORATE/CROSS CUTTING											
Health & Safety (C)	HOS ALL	M	7	Q4							
Corporate Criminal Offence (C)	HOS ALL	H	7	Q3-4							
Lone Working Policy (C)	HOS ALL	H	7	Q1	✓	✓	✓	✓			
Climate Change (Strategic plan, Policy etc.) (C)	HOS ALL	H	5	Q3-4	✓	✓					
No of Audit Plan days allocated			194								
Days currently allocated to Southern			142								

IT programme / Audit Review	Audit Sponsor	Risk	Days	Qtr.	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Comment
Internal Audit Partnership											
Audit Plan Days currently allocated to Internal Audit Manager			52								

7. Adjustments to the Internal Audit Plan

Audit reviews deferred or removed from the 2021-22 Audit plan	
	0 Days
	Total 0 Days

Audit reviews added to the 2021-22 Audit plan	
Sinking Funds	25 Days
Payroll Transactional Testing	5 Days
	Total 30 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 were uploaded to the Cabinet Office. The data matching reports were obtained in January 2021. These are currently being investigated as time permits in conjunction with the assistance of third parties to whom the match relates to assist in resolving anomalies and errors to identify fraudulent activity. 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 15/07/2021	Estimated Number of Audit Days Planned to be delivered (Incl. IAM)
Total Internal Audit Budget	£153,800	£92,200	£61,600	350 Days