



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.

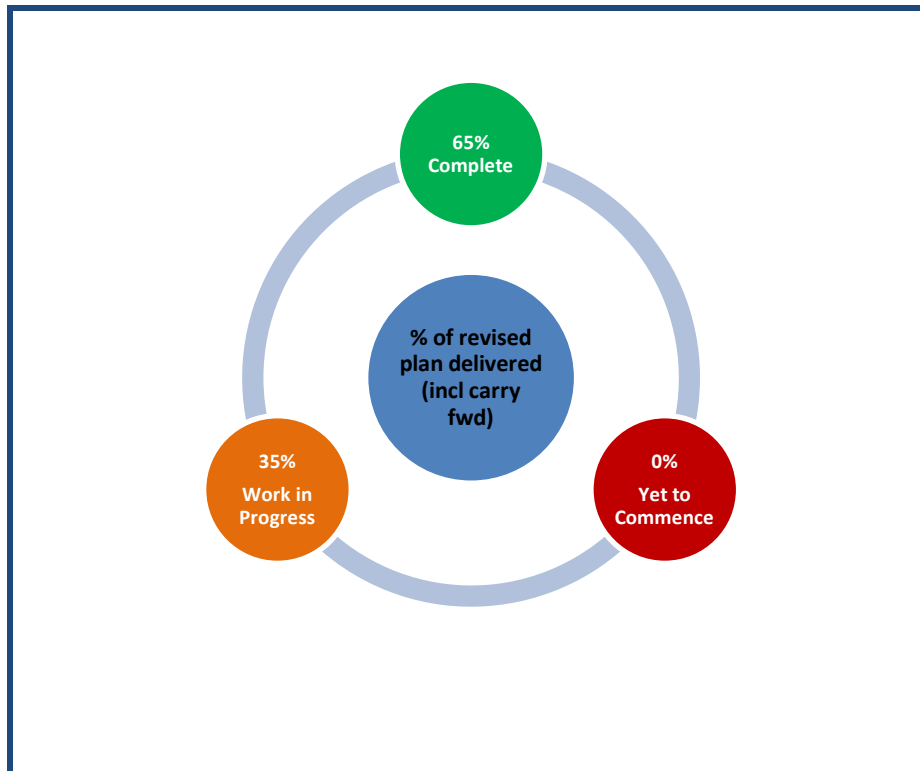
Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. The contractor has adopted the new CIPFA recommended 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



% Includes those reviews completed by the contractor in 2021-22 does not include deferred reviews.

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			6			
Treasury Management	08/10/2021	HOF&P	Substantial	2			2			
Lone Working Policy	27/10/2021	HOERS	Limited	13		1	11			1
CHS Boiler Replacement	16/11/2021	HOHO	Advisory	5		5	1			
Rent Recovery	28/01/2022	HOHO	Reasonable	4		1	3			
Gas Safety Certificates	28/01/2022	HOHO	Substantial	0						

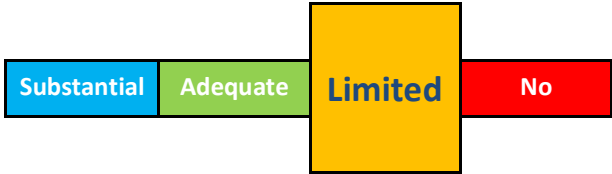
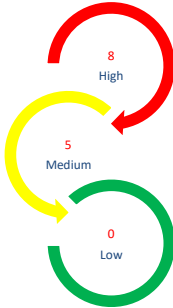
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Audit Review	Final Report Issued Date	Audit Sponsor	Assurance Opinion	Management Actions						
				Total Action Reported	Not Accepted	Not Yet Due	Complete	Overdue Actions		
								Priority		
								L	M	H
Waste Management (Bins)	31/01/2022	HOERS	Limited	6		5		1		
Payroll re bank changes	16/02/2022	HOP&G	Advisory							
Climate Change Preparedness	03/03/2022	HOERS	Reasonable	4		2	2			
Debt Management	08/03/2022	HOF&P	Reasonable	8		8				

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>

HOERS	<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. Executive Summaries ‘Limited and ‘No Assurance opinions

Lone working Policy (IA22-04)		
<p>Directorate Sponsor:</p> <p>Anne Righton</p> <p>Final Report Issued: 27/10/2021</p> <p>(Note:- of the 13 actions, 11 have been implemented)</p>	<p>Assurance opinion:</p> 	<p>Management Actions:</p> 
<p>Areas assessed to be working well/controls are effective.</p> <ul style="list-style-type: none"> The Health & Safety Group receives, and reviews reports, related to health and safety activity and these have been updated to include lone working incidents and agree actions to mitigate for and improve staff safety. 		

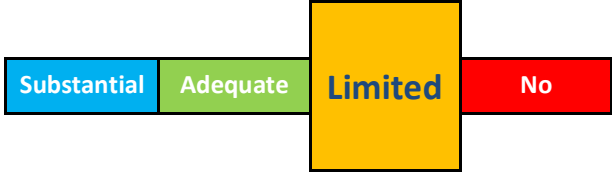
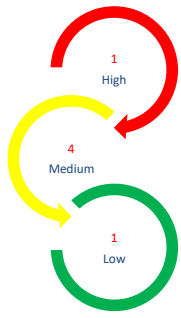
Areas where the framework of governance, risk management and control could be improved.

- The Risk Assessment form (RA2) is completed by individual officers who have lone working responsibilities each year as part of the performance management process and directs them to undertake mandatory lone working training. However, aside from basic induction training, specific training for staff on lone working is not available to staff either as a classroom, or on an e-learning basis.
- Staff induction includes a section on lone working highlighting the key messages for new staff. However, it does not refer staff to the current lone working policy and the expectations placed upon staff and their managers to ensure safe lone working practices. Additionally, training is currently not in place to fully support and promote lone working and the Staysafe app functionality within the lone working policy.
- Although a Lone Working Policy was reviewed and updated in March 2021 and published for staff stating the roles and responsibilities for managers and staff when planning for and undertaking lone working, we note that it is not consistent with messages regarding Lone Working Risk Assessment within the over-arching Health and Safety Policy. Further to this none of the managers within our sample of departments who contributed to this audit were able to provide us with evidence that risk assessments had been carried out.
- A Staff Safety Register is maintained, and records names and addresses of concern presenting risks to staff. It is updated via notification using the "Report It!" e-form. New notifications are reviewed by the Emergency Planning, Resilience and Safety Officer prior to addition to the Staff Safety Register. We were advised that residents are informed in writing when they are added to the SSR, however our testing of five entries in the register found no evidence of this.
- Although the register was reviewed in February 2021 there remains data recorded in the register, which was due for deletion after review, despite request for deletion made to IT colleagues. Information is therefore being held for longer than necessary and remains openly available to all Officers of the Council.
- Whilst a Staff Safety Register is in use; guidance for staff to maintain the register is not documented nor has responsibilities for data quality been appropriately assigned.
- Staff due to be working alone are required to update their Outlook diary with the time and period of their site visit, as well as details of their contact and the address of the venue. The policy also advises that alternative databases can be used to record details of contacts, but outlook should be used to record the day/time/duration of their visit. However, if too much data is recorded in the

diary entries there is a risk of non-compliance with GDPR. When we tested a sample of staff, we identified that Outlook diaries are not being consistently maintained as per the Lone Working Policy.

- The Council has purchased access to the "StaySafe" app, which staff can download to their work or personal mobile phone. The service includes access to a mayday / panic alarm wristband to be used for serious concerns during a lone working interaction. However, downloading of the app by staff and its use has seen low take up with around 50% of staff recorded as using the app. The Lone Working Policy allows for the use of appropriate alternatives. However, the alternative arrangements being used operationally that we identified as part of this audit were not driven by the completion of risk assessments and have not been subject to review to confirm the alternative arrangements adequately mitigate the risks identified.
- Reports are run from the StaySafe system and issued to managers on a monthly basis to enable them to review activity and usage, review possible areas of concern, and to support learning and improve risk assessments undertaken to reduce staff exposure to lone working risks. However, the low take-up of the StaySafe app weakens the reporting functionality and value.
- From our enquiries with a sample of managers we found an example where escalation contact details recorded within StaySafe were incorrect due to staff long term absence.

Management Response / Update:

Waste Management (Bin Stocks & Stores Controls and Missed Bins) IA22-08		
<p>Directorate Sponsor:</p> <p>Anne Righton</p> <p>Final Report Issued: 28/01/2022</p> <p>(Note:- of the 6 actions, 4 have been implemented)</p>	<p>Assurance opinion:</p> 	<p>Management Actions:</p> 
<p>Areas assessed to be working well/controls are effective.</p> <ul style="list-style-type: none"> • A Bin Charging Policy is in place. This Policy clearly sets out a prescribed schedule of charges in respect of standard, composting and recycling bins including food caddies. The policy report was approved by the Executive on 30 March 2021 and Council on 20 April 2021. • Bin charges are accessible and published on the Council's website and are in accordance with the charges stated in the policy. We confirmed that access to an on-line bin order / payment form is in place. Additionally, Customer Services Officers can respond to a request and take payment over the telephone. • We verified with officers and figures provided that the current charging policy has put the funding of waste bin stock on a sound financial footing. Margins made on bins purchased and sold range from £10 to £21.50. • We examined the system for recording bin orders and passing these on to the Contractor for delivery and found a clear audit trail and system in place for prompt delivery. Additionally, up to date records of orders to date are maintained to support-on-going trend analysis by officers. 		

- Due to prevailing economic pressure arising principally from the COVID-19 Pandemic the Contractor (Biffa) experienced a shortage of HGV drivers which significantly impacted their ability to meet contracted waste collection schedules. The Council and contractor have therefore been working in more of a partnership arrangement going forward to ensure the collection service can offer as good a service as it can. This has meant more collections at weekends and disruption to intended scheduling. As part of this working arrangement, contractor penalties have been suspended and missed bin invoices previously received by Waverley from the contractor have ceased.

Areas where the framework of governance, risk management and control could be improved.

- Schedule 2 (spec 1) of the Waste Contract clearly sets out the detailed responsibilities and controls in respect of bin stock management. In this respect the Contractor is responsible for the management and maintenance of Waverley stock at the Council's Depot and the authorised budget holder within the Council is responsible for the purchase of new stock. We obtained evidence that the Contractor provides Council client officers with a stock count each week to inform purchase decisions. However, they are simply based on a weekly count of stock each week. There are no contemporaneous transaction records held for each line of stock to record items of stock issued/received and balance remaining. This is a control weakness that limits assurances that stock shrinkage can be closely monitored.
- A reconciliation of stock issues and income received is not undertaken to ensure no undue stock shrinkage is occurring.
- A number of disputed invoices were received from the Contractor in 2020/21 in respect of missed bin extra collections required. These disputes arose due to differing interpretations (by the contractor and client) of the provisions for these circumstances set out in the contract. Going forward these provisions require review and possible variation to the contract to ensure clarity for both parties.
- We note that the resulting 'working together approach' appears to be working well with transparency on both sides to ensure service efficiency is maximised and disproportionate admin time spent in resolving smaller issues has ceased. (There have been no invoices received in 2021/22 from the contractor in respect of missed bin 'extra' collections). We have seen evidence of a routine client / contractor meeting where these arrangements are partially evidenced. On a forward looking note this relationship management approach will need close monitoring to ensure that benefits continue to be realised but with the caveat that a balanced 'challenge' from the client continues with a particular eye on overall performance. There would be merit in formalising this partnership

approach in a written ‘principles of partnership and relationship management’ document which would galvanise current arrangements and provide guidance for any new contract managers.

Management Response / Update:

6. 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.

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
INFORMATION TECHNOLOGY											
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	✓	✓	✓				

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IT programme / Audit Review	Audit Sponsor	Risk	Days	Qtr.	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Comment
Data Storage and Back-up (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 (IAM)	HOF&P	H	0	Q3-4							Defer to 2022-23
Debt Management (C)	HOF&P	H	10	Q2	✓	✓	✓	✓	✓	Reasonable	
Collection of Fees and Charges (C)	ALL HOS	H	7	Q3-4	✓	✓	✓				
Housing Rent Recovery (C)	HOHO	H	7	Q2-4	✓	✓	✓	✓	✓	Reasonable	
Payroll Transactions	HOP & G	H	5	Q3-4	✓	✓	✓				
SERVICE AREAS											
Property Terrier (IAM)	HOF & P	H	0	Q3-4							Defer to 2022-23

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IT programme / Audit Review	Audit Sponsor	Risk	Days	Qtr.	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Comment
Gas Servicing of boilers in council homes (IA)	HOHO	M	5	Q2	✓	✓	✓	✓	✓	Substantial	
Repairs Recharges for Void properties to vacating Tenants (C/F 2020-21) (C)	HOHO	M	1	Q3-4	✓	✓					Defer to July 2023
Responsive Repairs (C)	HOHO	M	10	Q1	✓	✓	✓	✓	✓	Reasonable	
Planning Housing Delivery Monitoring Process (CF 2020-21) (C)	HOP&ED	M	12	Q2-3	✓	✓	✓				
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	✓	✓	✓	✓	✓	Limited	
Boiler Replacement (IAM)	HOHO	H	15	Q3	✓	✓	✓	✓	✓	Advisory	
CORPORATE/CROSS CUTTING											

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IT programme / Audit Review	Audit Sponsor	Risk	Days	Qtr.	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Comment
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	✓	✓	✓	✓	✓	Limited	
Climate Change (Strategic plan, Policy etc.) (C)	HOS ALL	H	5	Q3-4	✓	✓	✓	✓	✓	Substantial	
Freedom of information (IAM)	HOGP	H	20	Q4	✓	✓	✓	✓		Advisory	
Payroll (incident) (IAM)	HOGP	H	17	Q2-3	✓	✓	✓	✓	✓	Advisory	
No of Audit Plan days allocated			215								
Days currently allocated to Southern Internal Audit Partnership			133								
Audit Plan Days currently completed by Internal Audit Manager			82								

8. Adjustments to the Internal Audit Plan

Audit reviews Proposed to be deferred to 2022-23 from the 2021-22 Audit plan	
Council Tax Reduction Scheme	12 Days
Repairs Recharges for Void properties to vacating Tenants	9 Days
Property Terrier	10 Days
Total 31 Days	

Audit reviews added to the 2021-22 Audit plan	
Boiler Replacements (IAM)	15 Days
Sinking Funds (IAM)	25 Days
Payroll Transactional Testing (C)	5 Days
Payroll Incident (IAM)	17 Days
Freedom of Information (IAM)	20 Days
Total 82 Days	

9. 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.

10. Budget Expenditure to date

Cost Centre R0202 Internal Audit	Current Approved Budget	Committed/Salaries and NI and Service Costs.	Remaining Balance at 10/03/2022	Estimated Number of Audit Days Planned to be delivered (Incl. IAM)
Total Internal Audit Budget	£153,800	£119,900	£33,900	350 Days