



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.

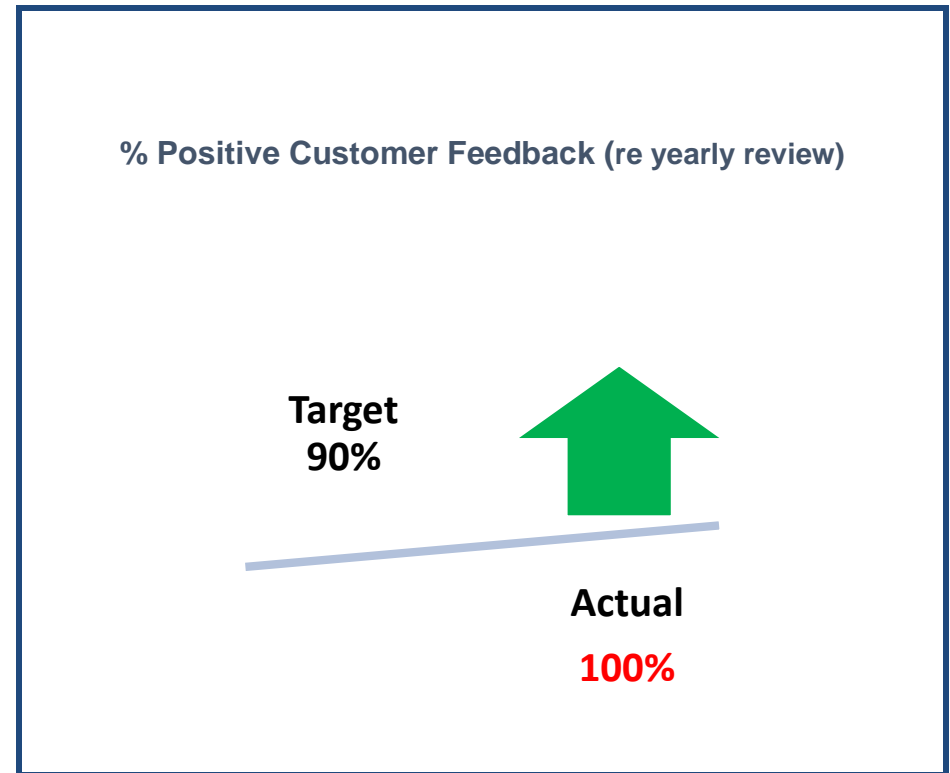
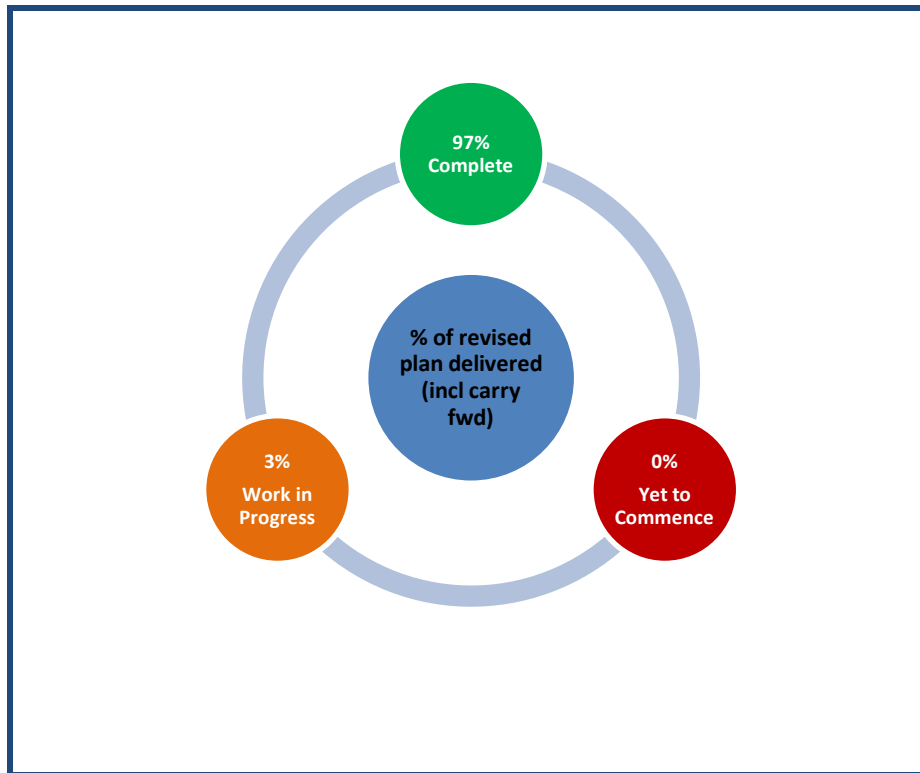
Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. The contractor has adopted the new CIPFA recommended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

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	12			
CHS Boiler Replacement	16/11/2021	HOHO	Advisory	5			5			
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		
								L	M	H
Waste Management (Bins)	31/01/2022	HOERS	Limited	6		13	1	1	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		6	2			
Sinking Fund	11/04/2022	HOHO	Advisory							
Freedom of information	03/05/2022	HOP&G	Advisory							
Corporate Criminal Offence	13/05/2022	HOF&P	Reasonable	0						

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. 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 9 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 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	✓	✓	✓	✓		Reasonable	
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	

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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
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	✓	✓	✓			Advisory	
SERVICE AREAS											
Property Terrier (IAM)	HOF & P	H	0	Q3-4							Defer to 2022-23
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	HOP&ED	M	12	Q2-3	✓	✓	✓	✓		Reasonable	

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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
Process (CF 2020-21) (C)											
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											
Health & Safety (C)	HOS ALL	M	7	Q4	✓	✓	✓	✓		Reasonable	
Corporate Criminal Offence (C)	HOS ALL	H	7	Q3-4	✓	✓	✓	✓		Reasonable	
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	

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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
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								

7. 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	

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.	Balance at 31/03/2022	Number of Audit Days delivered (Incl. IAM)
Total Internal Audit Budget	£153,800	£119,900	33,900*	330 Days

*Underspent includes values to cover reviews deferred to 2022/23 financial year, any remaining balances are allocated to central savings budget.