



**2022-2023 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 2022-23 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
Business Transformation	27/10/2022	EHOOD	Reasonable	3		1	2			
Revenues Open Portal	27/10/2022	S151	Reasonable	4		1	1		2	
Changes Made in Agresso	11/10/2022	S151	Advisory	15			15			
Petty Cash	12/10/2022	S151	Advisory	6		1	5			
Creditors (Accounts Payable)	27/01/2022	S151	Reasonable	4		4				
Housing Support Vouchers	24/02/2023	S151	Advisory							

#### 5. Planning & Resourcing

The internal audit plan for 2022-23 was approved by the Audit Committee on 28<sup>th</sup> March 2022.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. Section 6 details the reviews that have been added/removed/deferred to the original plan approved by the Audit Committee March 2022. 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
<b>INFORMATION TECHNOLOGY</b>											
Assessment of the Cyber Security Protection Measures (C)	JEHC&CS	H	10	Q2	✓	✓	✓				
<b>APPLICATIONS SYSTEMS IN SERVICE AREAS</b>											
Revenues Open Portal (C)	JEHOF	H	7	Q1	✓	✓	✓	✓	✓	Reasonable	
<b>KEY FINANCIAL SYSTEM</b>											
Creditors (C)	JEHOF	H	10	Q1	✓	✓	✓	✓	✓	Reasonable	
Business Rates (C)	JEHOF	H	10	Q2	✓	✓	✓				
Council Tax Reduction Scheme (IAM)	JEHOF	H	0	Q3-4							Removed from 2022-23 Audit Plan
Main Accounting (C)	JEHOF	H	10	Q2	✓	✓	✓				
Refund Process (C)	ALL JHOS	H	5	Q1	✓	✓	✓	✓			



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Ukrainian Host Payments Process (C)	JEHOF	H	7	Q2-3	✓	✓	✓	
<b>SERVICE AREAS</b>								
Property Terrier (C)	JEHOF	H	10	Q3-4	✓	✓		Provide to SIAP as LC replacement.
Housing – Use and Occupation Accounts (C)	JEHOH	M	7	Q2	✓	✓	✓	
Repairs Recharges for Void properties to vacating Tenants (C)	JEHOH	M	10	Q3	✓	✓		
Housing invoice process re Orchard to Agresso – new contract (IW) (C)	JEHOH	M	0	Q3	✓			Deferred to 2023-24
Mutual Exchanges (C)	JEHOH	M	0	Q3	✓	✓		Deferred to 2023-24
Ground Maintenance (C)	JEHOES	M	10	Q3	✓	✓	✓	
Waverley Training Services (C)	JEHOCS	M	10	Q4	✓			
Events and Filming (C)	JEHOCS	H	10	Q4	✓			

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Customer Services Team (C)	JEHC&CS	H	10	Q3	✓	✓	✓			
<b>CORPORATE/CROSS CUTTING</b>										
Anti-Social Behaviour (C)	JEHOCS (S Hutchison)	H	10	Q4	✓					
Business Transformation – Project Management (C)	JEHOOD	H	10	Q2	✓	✓	✓	✓	✓	Reasonable
Asset Management – including information Governance, Data Classification, Retention and Disposal. (C)	JEH ALL	H	10	Q4	✓	✓				
Risk Management (C)	JEH ALL (Lead R Taylor)	H	12	Q1-2	✓	✓	✓	✓		
<b>Other IAM Reviews</b>										
Petty Cash (IAM)	JEHOF		15	Q1	✓	✓	✓	✓	✓	Advisory
Agresso Changes (IAM)	JEHOF		20	Q1	✓	✓	✓	✓	✓	Advisory

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Trace and Trace Return testing re Certification (IAM)	JEHOF	5	Q1	✓	✓	✓			Verification
Housing Support Fund (IAM)	JEHOF	10	Q3	✓	✓	✓	✓	✓	Advisory
Green Waste	JEHOES	2	Q/3	✓	✓				Deferred to 2023-24
No of Audit Plan days allocated		220							
Days currently allocated to Southern Internal Audit Partnership		168							
Audit Plan Days currently completed by Internal Audit Manager		52							

Audit Sponsor	
<b>JEHOF</b>	<i>Joint Executive Head of Finance (S151) - Peter Vickers</i>
<b>JEHOL&amp;DS</b>	<i>Joint Executive Head of Legal &amp; Democratic Services – (Interim) Stephen Rix</i>
<b>JEHOCS</b>	<i>Joint Executive Head of Commercial Services - Kelvin Mills</i>
<b>JEHORS</b>	<i>Joint Executive Head of Regulatory Services - Richard Homewood</i>
<b>JEHOR&amp;PP</b>	<i>Joint Executive Head of Regeneration &amp; Planning Policy – Abi Lewis</i>
<b>JEHC&amp;CS</b>	<i>Joint Executive Head of Communications and Customer Services - Nicola Haymes</i>
<b>JEHOH</b>	<i>Joint Executive Head of Housing – Andrew Smith</i>
<b>JEHOA&amp;P</b>	<i>Joint Executive Head of Assets and Property – Marieke Van Der Reijden</i>
<b>JEHOP</b>	<i>Joint Executive Head of Planning –(Interim) Gilian MacInnes</i>
<b>JEHOES</b>	<i>Joint Executive Head of Environmental Services – Chris Wheeler</i>

<b>JEHOCS</b>	<i>Joint Executive Head of Community Services – Sam Hutchison</i>	<b>JEHOOD</b>	<i>Joint Executive Head of Organisational Development – Robin Taylor</i>
<b>JCEO</b>	<i>Joint Chief Executive Officer - Tom Horwood</i>	<b>JSDOT &amp; G</b>	<i>Joint Strategic Director of Transformation and Governance – Ian Doyle</i>
<b>JSDOCW</b>	<i>Joint Strategic Director of Community Wellbeing – Annie Righton</i>	<b>JSDOP</b>	<i>Joint Strategic Director of Place – Dawn Rudd</i>

## 7. Adjustments to the Internal Audit Plan

Audit reviews removed or deferred		
<b>IT Business Continuity Disaster Recovery Planning (Defer 2023/24 re Jan 2023 SAN delivery)</b>	<b>7</b>	<b>November 2022 Audit Committee</b>
<b>Land Charges (Defer 2023/24 re changes in process central government)</b>	<b>10</b>	<b>November 2022 Audit Committee</b>
<b>Mutual Exchanges (Defer 2023/24)</b>	<b>10</b>	
<b>Green Waste (Defer 2023/24)</b>	<b>8</b>	
<b>Council Tax (Replaced with Council Tax Base Maintenance in 2023-24)</b>	<b>10</b>	
<b>Housing invoice process re Orchard to Agresso – new contract (Defer 2023/24)</b>	<b>10</b>	
		<b>Total 55 Days</b>

<b>Audit reviews added to the 2022-23 Audit plan</b>	
<b>Petty Cash (IAM)</b>	<b>15</b>
<b>Changes to Agresso (IAM)</b>	<b>20</b>
<b>Declarations re Test &amp; Trace and RCOM (IAM)</b>	<b>5</b>
<b>Ukrainian Host Payments Process (SIAP)</b>	<b>7</b>
<b>Housing Support Fund (Vouchers) process (IAM)</b>	<b>10</b>
<b>Total 57 Days</b>	

### 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.

Investigation work required by service areas or to support the HR function.

### 9. Budget Expenditure to date

<b>Cost Centre R0202 Internal Audit</b>	<b>Current Approved Budget</b>	<b>Committed/Salaries and NI and Service Costs.</b>	<b>Remaining Balance at 23/02/2023</b>	<b>Estimated Number of Audit Days Planned to be delivered (Incl all IAM)</b>
<b>Total Internal Audit Budget</b>	<b>£164,000</b>	<b>£134,000</b>	<b>£30,000</b>	<b>350 Days</b>