



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

**WAVERLEY BOROUGH COUNCIL
INTERNAL AUDIT PROGRESS REPORT JANUARY 2024**

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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

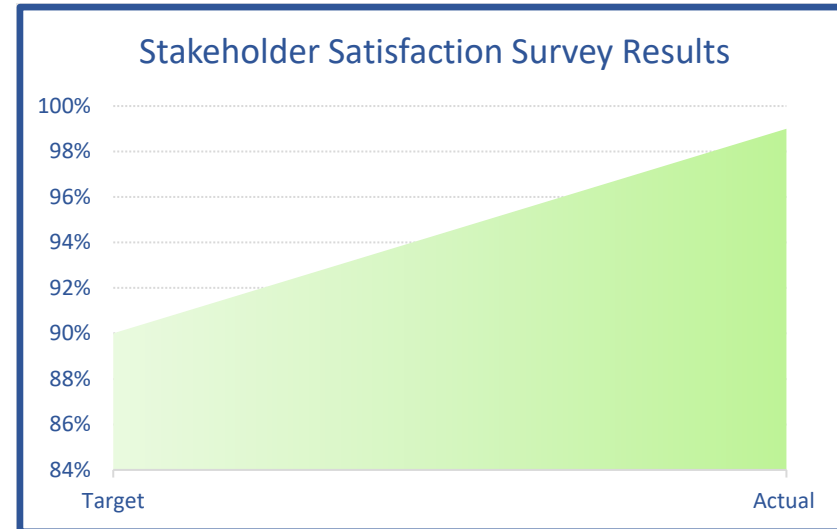
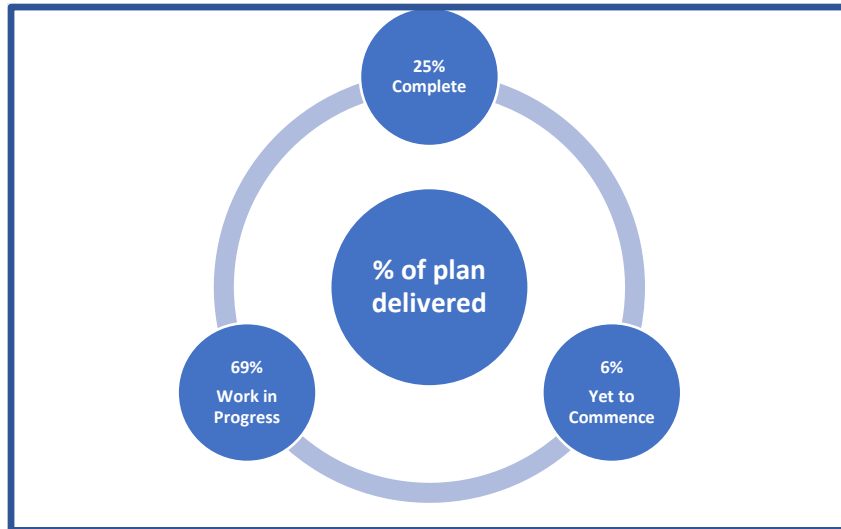
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- 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 Chief Internal Auditor’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 assurance opinions are categorised as follows:

Substantial	<i>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.</i>
Reasonable	<i>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.</i>
Limited	<i>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.</i>
No	<i>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.</i>

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 ‘Live’ audit reviews



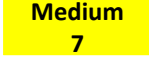

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Action(s)*	Not Yet Due	Complete	Overdue		
							L	M	H
2022/23									
Cyber Security	24.04.2023	JSDoCW	Reasonable	15 (1)	0 (0)	14 (9)		1	
Main Accounting	14.06.2023	JSDoT&G	Reasonable	3 (0)	1 (0)	2 (0)			
Housing Use and Occupation Accounts	14.06.2023	JSDoCW	Limited	6 (3)	0 (0)	5 (3)		1	
NNDR	10.07.2023	JSDoT&G	Limited	7 (1)	1 (0)	6 (1)			
Memorial Hall	12.10.2023	JSDoT&G	Limited	5 (2)	2 (1)	2 (1)		1	
Property Terrier	22.11.2023	JSDoP	Limited	18 (9)	18 (9)				
Grounds Maintenance	19.12.2023	JSDoCW	Reasonable	3 (0)	3 (0)				
2023/24									
Total							0	3	0

*Total number of actions (total number of high priority actions)

Audit Sponsor			
JCEO	Joint Chief Executive Officer	JSDoT&G	Joint Strategic Director of Transformation and Governance
JSDoCW	Joint Strategic Director of Community Wellbeing	JSDoP	Joint Strategic Director of Place

5. Executive Summaries of reports published concluding a ‘Limited’ or ‘No’ assurance opinion

There has been one report published concluding a “Limited” assurance opinion since the last progress report in November 2023.

Property Terrier 2022/23)				
Audit Sponsor	Assurance opinion	Management Actions		
Joint Strategic Director Community Wellbeing	 Limited	 Low 2	 Medium 7	 High 9
Summary of key observations:				
<p>There are no documented policy or procedures setting out the use of the Property Terrier and relevant linked processes such as terrier requirements within the process of acquisition or disposal of properties. This places a heavy reliance on the experience and knowledge of the staff currently using the Terrier and should any unexpected changes take place this could cause incorrect use of the Terrier.</p> <p>Although the Council has a retention and disposal of information policy and schedule in place, the Terrier is not specifically listed and we found four cases of personal data being kept longer than necessary, between seven and twenty years after the documented end date on the Terrier. This breaches principal E, ‘storage limitations’, of the Information Commissioner’s Office (ICO) data protection guidelines.</p> <p>The Council currently has five user licenses for the technology forge system. One of these users is recorded as ‘legal services’ rather than a single user. By not having the license assigned to a single user this could be in breach of the user agreement with Civica (owners of the technology forge platform) clause 2.2.(b). Also, with this undefined account we could not assure that all staff with access to the Terrier have received appropriate training or have been granted appropriate level of access to the system.</p> <p>It was found that there are a number of user manuals readily available to staff to assist with the use of the Terrier. However, these documents had a most recent review date of 2019.</p>				

There is currently no method in place to assure that all notifications sent from legal to the asset management team are uploaded to the Terrier to ensure the completeness of data within the terrier.

Some of the Terrier fields are restricted to stop incorrectly formatted data being submitted, however there is no restriction on records to be added to the Terrier with missing information.

Data analytics used to analyse the full Terrier highlighted some inconsistencies of both filters applied to each record and several overdue dates or missing information from Terrier records.

There is no alert generated to inform users of the Terrier of recent changes made to records. This could lead to incomplete or incorrect data amendments being added to the Terrier with limited opportunities for these errors to be highlighted.

A system is in place to allow the team to pick up critical dates within leases, such as rent renewals and end dates. Quarterly reports are run from the Terrier to identify these, this information is moved across to a Work in Progress spreadsheet where each case is annotated. However, from review of this spreadsheet we found inconsistencies in the level of information and expediency of actions, highlighting a limited effectiveness of this process.

The technology forge is a cloud base system owned by Civica who have their own business continuity plan in case of disaster. However, no evidence of a business continuity plan was evidenced from the Council. As part of the user license agreement with Civica it highlights Civica is not liable for any loss of data (Clause 5.2. of the agreement).

6. Planning & Resourcing

The internal audit plan for 2023-24 was presented to the Audit & Risk Committee in March 2023.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. Progress against the plan is detailed within section 7.

7. Rolling Work Programme

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Financial Management								
Preloaded Purchase Cards	JSDoT&G	✓	✓	✓	✓			Significantly delayed as awaiting additional information from client following issue of draft report in July.
Accounts Receivable/Sundry Debtors	JSDoT&G	✓	✓	✓	✓			Management response overdue (due 7 th December)
Payroll	JSDoT&G	✓	✓	✓	✓			
Green Waste	JSDoCW	✓	✓	✓				
Corporate Systems								
Mutual Exchanges	JSDoCW	✓	✓	✓	✓	✓	Reasonable	
Payment process for Repairs and Maintenance Contractor	JSDoCW	✓	✓	✓				Significantly delayed due to lack of client engagement
Homelessness Determinations	JSDoCW	✓	✓	✓	✓	✓	Reasonable	Not undertaken by SIAP
Property Maintenance (Non - Housing)	JSDoP	✓						
Energy Angels (Part of the Void Management process)	JSDoCW						N/A	Advisory (not undertaken by SIAP)
Gas Maintenance in Waverley Properties	JSDoCW	✓	✓	✓	✓			

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Careline (Debt Recovery Element)	JSDoCW	✓	✓	✓	✓	✓	Reasonable	
Abandoned Vehicles	JSDoP	✓	✓	✓				
Governance and Cross Cutting Reviews								
Corporate complaints system	JSDoCW	✓	✓	✓	✓			
Procurement, tendering and contract documentation, sign off process, committee approvals where appropriate	JSDoT&G	✓	✓	✓	✓			Management response overdue (due early September)
Insurance	JSDoT&G	✓	✓	✓				
Annual Governance Statement	JSDoT&G							Unable to progress as no key contact information provided.

8. Adjustments to the Internal Audit Plan

The following adjustment to the plan has been made:

Removed from the Plan	Reason
IT Business Continuity	Service capacity issues.
Car Parking	Service capacity issues.
New Homes Build	Scope needs to be reconsidered.
Council Tax Base Maintenance	To be incorporate as part of the main council tax review in 2024/25.
Aids and Adaptations (Council Properties)	Scope needs to be reconsidered.
S106 Agreements/CIL	Timing re-evaluated and considered more appropriate for 2024/25 to allow for further discussion on scope.
Adelante	Audit no longer required for 2023/24.

Capital Programme Delivery	Timing re-evaluated and considered more appropriate for 2024/25 to allow for further discussion on scope.
Land Charges	Low risk area – Any audit requirement will be kept under review as part of annual planning process.
Leisure Client Management	Timing re-evaluated and considered more appropriate for 2025/26 to review operation and performance of the new contract let in July 2023.
Added to the Plan	Reason
Annual Governance Statement	No recent audit coverage and change in staffing for the production of the AGS raise the risk priority for this area.

Overdue 'High Priority' Management Actions

There are currently no overdue high priority management actions.

Annexe 2**Overdue 'Low & Medium Priority' Management Actions (January 2024)**

Audit Review	Report Date	Opinion	Priority	Due Date	Revised Due Date
Cyber Security	24.04.2023	Reasonable	Medium	30.09.2023	30.04.2024
Housing Use and Occupation Accounts	14.06.2023	Limited	Medium	31.07.2023	29.02.2024
Memorial Hall	12.10.2023	Limited	Medium	31.12.2023	30.06.2024