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**Southern Internal  
Audit Partnership**

Assurance through excellence  
and innovation

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**TANDRIDGE DISTRICT COUNCIL**

**Internal Audit Progress Report**

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**October 2023**

**Contents:**

1.	Role of Internal Audit	2
2.	Purpose of report	3
3.	Performance dashboard	4
4.	Analysis of 'Live' audit reviews	5
5.	Executive summaries 'Limited' and 'No' assurance opinions	6
6.	Planning and resourcing	6
7.	Rolling work programme	6-8
8.	Adjustments to the Plan	9
	Annex 1 – Previous TDC Assurance Opinions	10

## 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:

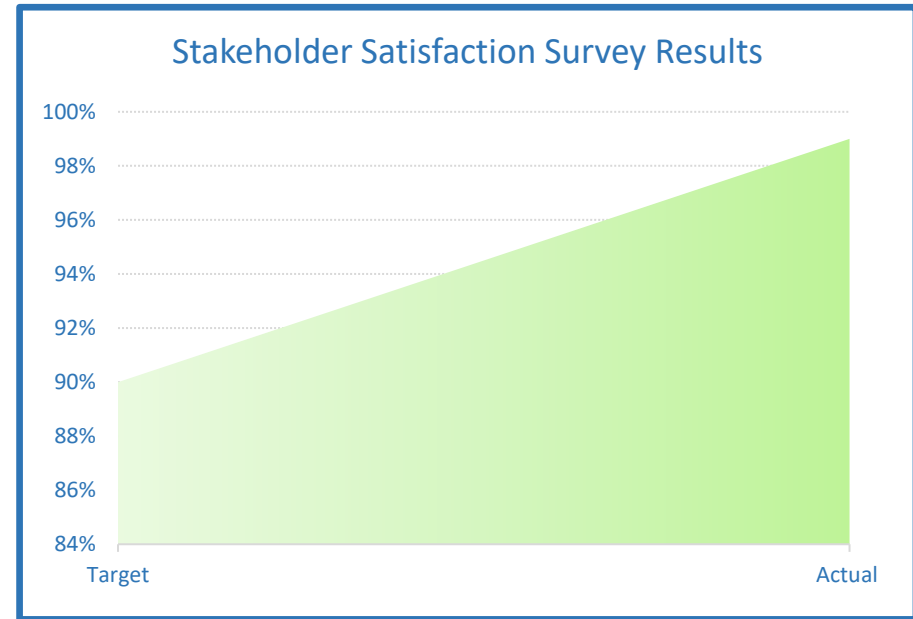
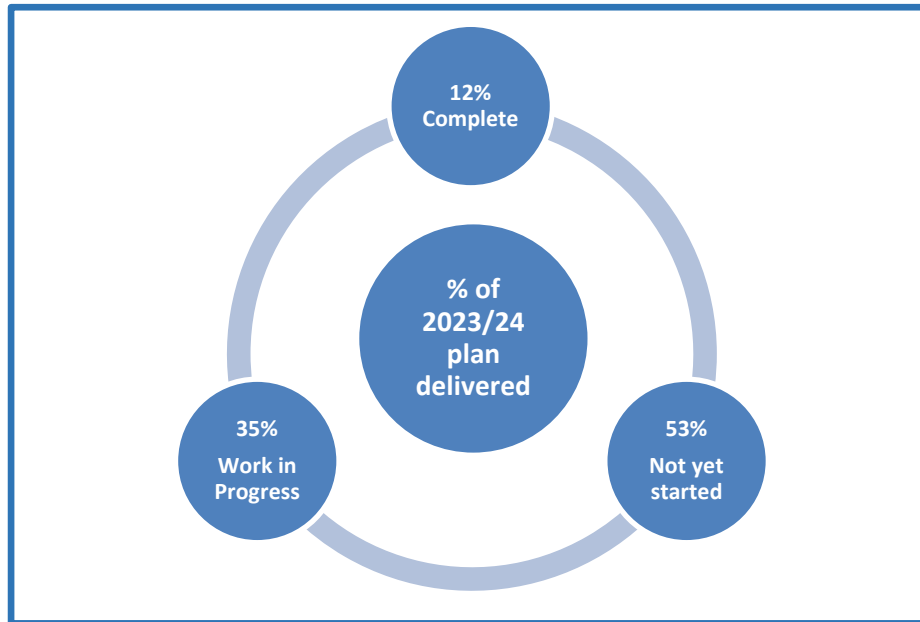
- The status of 'live' internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor's annual opinion.

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:

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

*\* Some reports listed within this progress report (pre 2020-21 audit plan) refer to categorisations used by SIAP prior to adoption of the CIPFA standard definitions, reference is provided at Annex 1*

### 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
Council Tax	02.10.20	EHofC	Adequate	5(2)	0(0)	4(2)		1	
Building Control	28.07.21	CPO	Limited	19(12)	0(0)	17(11)		1	1
Fraud Governance Arrangements	24.03.22	HofL	Limited	15(11)	0(0)	10(6)			5
Income Collection	08.08.22	CFO	Reasonable	5(0)	0(0)	4(0)		1	
Contract Management	11.08.22	HofLS	Limited	20(3)	0(0)	13(1)		5	2
Business Continuity & Emergency Planning	08.09.22	EHofC	Limited	12(11)	0(0)	7(6)			5
Environmental Health & Licensing	08.02.23	HofH	Reasonable	6(0)	2(0)	4(0)			
Accounts Payable	15.06.23	CFO	Reasonable	8(2)	3(1)	5(1)			
Risk Management	02.08.23	HofP&C	Limited	5(0)	3(0)	2(0)			
IT Application Management (Orchard)	16.08.23	HofT&BS	Limited	21(10)	6(1)	10(6)		2	3
Annual Governance Statement 2022/23	16.10.23	HofLS	Limited	10(5)	7(2)	3(3)			
Accounts Receivable & Debt Management	31.10.23	CFO	Reasonable	6(2)	6(2)	0(0)			
IT Disaster Recovery	13.11.23	CFO	Reasonable	8(0)	8(0)	0(0)			
<b>Total</b>				<b>140(58)</b>	<b>35(6)</b>	<b>79(36)</b>		<b>10</b>	<b>16</b>

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

## 5. Executive Summaries of reports published concluding a 'Limited' or 'No' assurance opinion

There have been no new reports published concluding a "limited" or "no" assurance opinion since our last progress report to the Audit & Scrutiny Committee in September 2023.

## 6. Planning & Resourcing

The internal audit plan for 2023/24 was presented to the Management Team and the Audit & Scrutiny Committee in April 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
<b>2022/23 (carry forward)</b>								
Health and Safety	HofT&BS	✓	✓	✓	✓			
Annual Governance Statement	HofL	✓	✓	✓	✓	✓	<b>Limited</b>	Incorporated within the 2022/23 Annual Report & Opinion.
Accounts Receivable/Debt Management	CFO	✓	✓	✓	✓	✓	<b>Reasonable</b>	
Main Accounting	CFO	✓	✓	✓	✓			
Payroll	CFO	✓	✓	✓	✓			
Operational Services	EHofC	✓	✓	✓				
Follow Up – Info Governance	HofLS	✓	✓	✓	✓	✓	<b>n/a</b>	
Follow Up – Grants Register	CFO	✓	✓	✓	✓	✓	<b>n/a</b>	
Follow Up – Building Control	CPO	✓	✓	✓				

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
<b>2023/24</b>								
<b>Corporate</b>								
Savings Realisation / FTP	CFO	✓						
Asset Management – Statutory Checks	CFO	✓						
<b>Governance</b>								
Human Resources & OD	HofT&BS							Q3 – Scoping meeting to be arranged.
Ethical Governance	HofL							Q4
<b>IT</b>								
IT Disaster Recovery	HofT&BS	✓	✓	✓	✓	✓	<b>Reasonable</b>	
Cyber Security	HofT&BS							Q4
<b>Core Financial Reviews</b>								
Council Tax	CFO	✓						
NNDR	CFO	✓	✓	✓				
<b>Service Reviews</b>								
Operational Services - Tree Inspections	HofO&C							Q4
Homes for Ukraine	HofH	✓	✓	✓	✓	✓	<b>Substantial</b>	
Development Management	CPO							Q4
Community Infrastructure Levy (CIL) / S106	CPO							Q4
Leisure Centres – Governance Arrangements	HofC&P	✓	✓					



Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
<b>Other</b>								
Follow Up – Fraud Framework	CFO	✓	✓	✓				
Follow Up – Contract Management	CFO							Q4
Follow Up – Business Continuity & Emergency Planning	HoC&P							Q4
Follow Up - Safeguarding	HoC&P							Q3 – scoping meeting to be arranged.

✓ - This symbol reflects the progress that has been made since the last progress report was presented to the Audit & Scrutiny Committee on 26<sup>th</sup> September 2023.

Audit Sponsor					
CE	Chief Executive	CFO	Chief Finance Officer	HofLS	Head of Legal Services & Monitoring Officer
EHofC	Exec Head of Communities	CPO	Chief Planning Officer	HofT&BS	Head of Transformation & Business Support
HofP&C	Head of Policy & Communications	HofC&P	Head of Communities & Partnerships	HofH	Head of Housing

## 8. Adjustment to the Internal Audit Plan

There have been the following amendments to the 2023/24 plan to date.

Plan Variations for 2023/24	
Added to the plan	Reason
Community Infrastructure Levy (CIL) / S106	To review the collection and distribution of CIL/S106.
Removed from the plan	Reason
Housing Voids	Reschedule to enable completion of the ongoing service review in this area.

**Annex 1**

**Tandridge District Council Assurance Opinions (Pre 2020-21)**

<b>Substantial</b>	A sound framework of internal control is in place and is operating effectively. No risks to the achievement of system objectives have been identified.
<b>Adequate</b>	Basically a sound framework of internal control with opportunities to improve controls and / or compliance with the control framework. No significant risks to the achievement of system objectives have been identified.
<b>Limited</b>	Significant weakness identified in the framework of internal control and / or compliance with the control framework which could place the achievement of system objectives at risk.
<b>No</b>	Fundamental weakness identified in the framework of internal control or the framework is ineffective or absent with significant risks to the achievement of system objectives.