

# Internal Audit Progress Report 2020/21

June 2021

Tandridge District Council



---

**Southern Internal  
Audit Partnership**

**Contents:**

1.	Role of Internal Audit	3
2.	Purpose of report	4
3.	Performance dashboard	5
4.	Analysis of 'Live' audit reviews	6
5.	Executive summaries 'Limited' and 'No' assurance opinions	7
6.	Planning and resourcing	8
7.	Rolling work programme	8-9
8.	Adjustments to the Plan	10
	Annex 1 – Previous TDC Assurance Opinions	11

## 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:

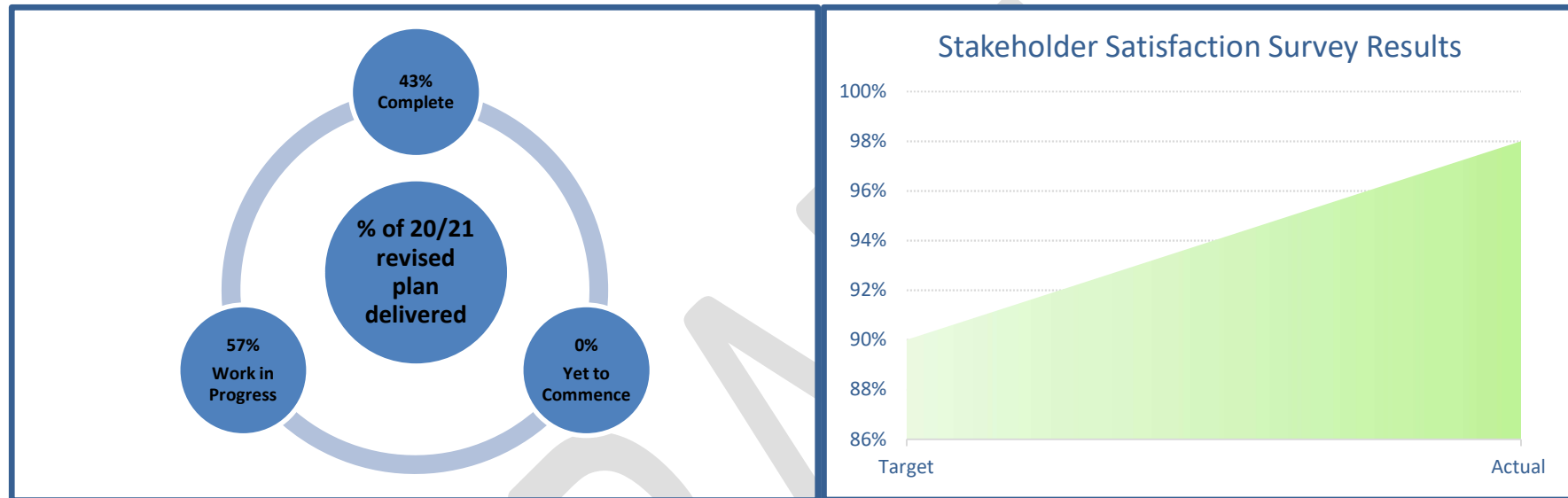
- The status of ‘live’ internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor’s annual opinion.

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
HR – Policies and Procedures	04.06.20	EHofCR	Limited	5(5)	0(0)	0(0)			5
IT – Disaster Recovery and IT Business Continuity	06.07.20	EHofCR	No Assurance	11(11)	0(0)	7(7)			4
Council Tax	02.10.20	EHofC	Adequate	5(2)	1(0)	4(2)			
NNDR	20.10.20	EHofC	Limited	7(3)	2(0)	4(3)		1	
Accounts Receivable and Debt Management	26.10.20	EHofCR /EHofC	Limited	29(11)	0(0)	23(10)		5	1
Customer First	17.02.21	EHofCR	No Assurance	18(11)	2(1)	8(8)		6	2
Human Resources & OD	22.04.21	EHofCR	Reasonable	5(5)	3(3)	2(2)			
Procurement	18.05.21	HofL	Reasonable	3(0)	3(0)	0(0)			
IT Asset Management	14.06.21	EHofCR	Limited	9(0)	9(0)	0(0)			
<b>Total</b>				<b>92(48)</b>	<b>20(4)</b>	<b>48(32)</b>	<b>0</b>	<b>12</b>	<b>12</b>

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

Audit Sponsor			
ACE	Acting Chief Executive	CFO	Chief Finance Officer
EHofCR	Executive Head of Corporate Resources	EHofC	Executive Head of Communities
HofL	Head of Legal	CPO	Chief Planning Officer

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

There has been one new report published concluding a “limited” assurance opinion since our last progress report in March 2021.

IT Asset Management		
Audit Sponsor	Assurance opinion	Management Actions
Executive Head of Corporate Resources	 Limited	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: green; color: white; padding: 5px; text-align: center;"> <b>Low</b> 4         </div> <div style="background-color: yellow; color: black; padding: 5px; text-align: center;"> <b>Medium</b> 5         </div> <div style="background-color: red; color: white; padding: 5px; text-align: center;"> <b>High</b> 0         </div> </div>
<p><b>Summary of key observations:</b></p> <p>The overall business objective of IT Asset Management is to ensure that the Council’s IT assets are suitably managed and appropriately accounted for.</p> <p>It was pleasing to observe that certificate of disposals were issued following the successful disposal of IT equipment. Data bearing devices were subject to a secure erasure or destruction process in accordance with European Directive on Waste Electrical and Electronic Equipment (WEEE)., however, it was noted that there was no disposal policy or procedure guidance in place.</p> <p>The IT Asset Register was found to be inaccurate and did not reflect the current IT equipment estate in the Council. Audit testing observed that several fields in the asset register were blank and some assets were not recorded on the register. Testing of network hardware assets held in the data centre found that 30% of the sample reviewed were not recorded on the register.</p> <p>Audit testing of a sample of leavers observed that although the ICT Team had been appropriately notified in advance, the asset register had not been updated to reflect the return of the assets.</p> <p>Additionally, there has been no IT equipment stocktake completed as required by the IAU Policy.</p>		

## 6. Planning & Resourcing

The internal audit plan for 2020-21 was presented to the Executive Leadership Team and the Audit & Scrutiny Committee in September 2020.

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	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
<b>Corporate Governance</b>								
Human Resources & Organisational Development	EHofCR	✓	✓	✓	✓	✓	Reasonable	
Health & Safety	EHofCR	✓	✓	✓	✓			Draft report issued. Management response pending.
Procurement	HofL	✓	✓	✓	✓	✓	Reasonable	
Financial Resilience	CFO	✓	✓	✓				Put on hold pending Grant Thornton's assurance work.
Information Governance	EHofCR & HofL	✓	✓	✓	✓			Draft report issued. Management response pending.
Distribution of Business Grants	EHofC	✓	✓	✓	✓	✓	Reasonable	
<b>Financial Management</b>								
Housing Benefit	EHofC	✓	✓	✓	✓			Draft report issued. Management response pending.



Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Treasury Management	CFO	✓	✓	✓	✓			Draft report issued. Management response pending.
Local Government Compensation Scheme	CFO	✓	n/a	✓	n/a	n/a	n/a – certification work	Claim 1 and 2 completed.
Grants Register	EHofC / CFO	✓	✓	✓				Delay with receiving information to progress the review. Fieldwork is now nearing completion.
<b>Information Technology</b>								
Cyber Security	EHofCR	✓	✓	✓	✓			Draft final report issued. Senior management agreement pending.
IT Asset Management	EHofCR	✓	✓	✓	✓	✓	Limited	
IT Disaster Recovery & Business Continuity (Follow Up)	EHofCR	✓	✓	✓	✓	✓	n/a	Follow up confirmed implementation of actions as per section 4 of this report.
<b>Service Reviews</b>								
Building Control	CPO	✓	✓	✓	✓			Draft report issued. Management response pending.

## 8. Adjustment to the Internal Audit Plan

There have been the following amendments to the plan:

Plan Variations	
<b>Removed from the plan</b>	<b>Reason</b>
Housing Rents	Defer until 2021/22 in order to prioritise new risk areas relating to COVID-19.
Development Management	Removed from the plan due to a pending peer review by the Planning Advisory Service.
<b>Added to the plan</b>	<b>Reason</b>
Local Government Compensation Scheme	Following discussions with the Chief Finance Officer, included within the plan to review the methodology applied and sample check the accuracy of the three submissions to Central Government for the LGCS.
Grants Register	Following discussions with the Chief Finance Officer, included within the plan to review the process for recording and reporting arrangement for grants received by the Council. (COVID and non COVID grants.)

**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.