

Internal Audit Progress Report

February 2022

Tandridge District Council



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**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	7
7.	Rolling work programme	7-8
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:

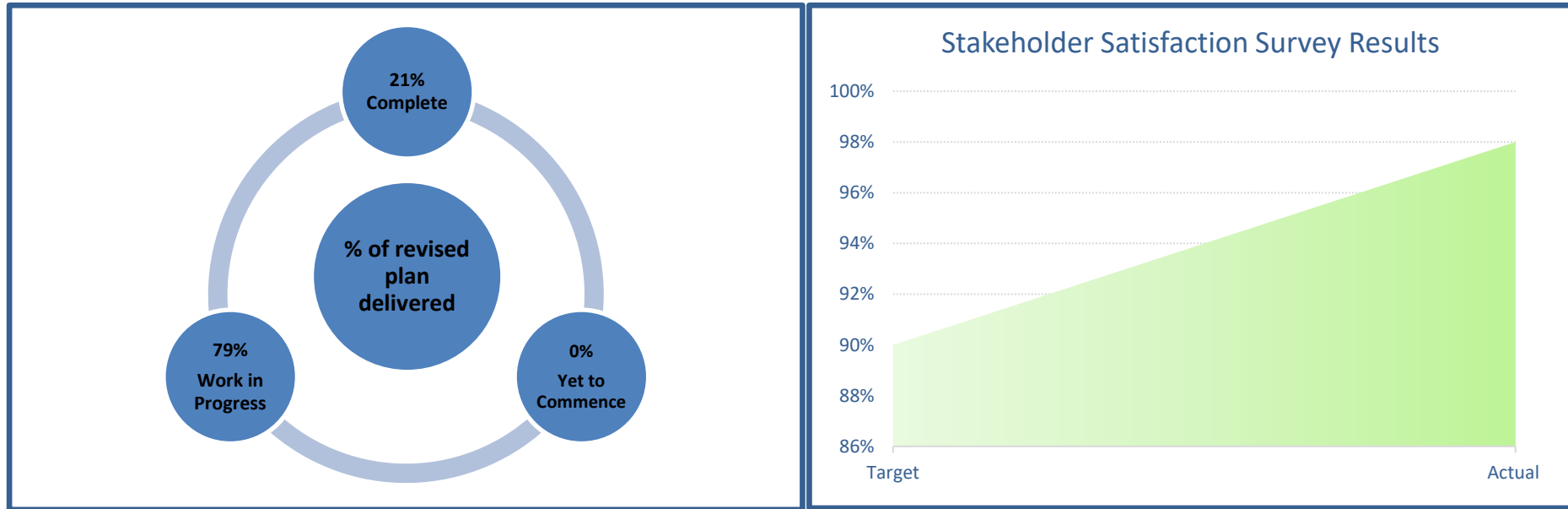
- The status of ‘live’ internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor’s annual opinion.

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
HR – Policies and Procedures	04.06.20	EHofCR	Limited	5(5)	0(0)	0(0)			5
IT Disaster Recovery & 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)	1(0)	4(3)		2	
Customer First	17.02.21	EHofCR	No Assurance	18(11)	0(0)	10(9)		6	2
Procurement	18.05.21	HofLS	Reasonable	3(0)	0(0)	2(0)		1	
IT Asset Management	14.06.21	EHofCR	Limited	9(0)	5(0)	4(0)			
Housing Benefits	21.07.21	EHofCR	Reasonable	10(2)	0(0)	9(2)		1	
Building Control	28.07.21	CPO	Limited	20(13)	6(3)	9(6)		1	4
Information Governance	11.08.21	EHofCR	Limited	14(7)	0(0)	9(4)		2	3
Grants Register	18.08.21	EHofC & CFO	No Assurance	5(5)	0(0)	0(0)			5
Health & Safety	27.08.21	EHofCR & EHofC	No Assurance	26(17)	3(0)	16(11)		1	6
Annual Governance Statement	02.12.21	HofLS	Limited	8(7)	0(0)	5(5)		1	2
<b>Total</b>				<b>141(83)</b>	<b>16(3)</b>	<b>79(49)</b>	<b>0</b>	<b>15</b>	<b>31</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” assurance opinion since our last progress report in January 2022.

## 6. Planning & Resourcing

The internal audit plan for 2021/22 was presented to the Executive Leadership Team and the Audit & Scrutiny Committee in March 2021.

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>								
HR & OD - Follow Up	EHofCR	✓	✓	✓				
Safeguarding	EHofCR	✓	✓	✓				
Financial Resilience	CFO	✓	✓	✓				
Contract Management	HofLS	✓	✓	✓				Close of audit held on 24/2/2022. Report pending.
Risk Management	EHofCR	✓	✓	✓	✓	✓	<b>Position Statement</b>	
Fraud & Irregularities	CFO	✓	✓	✓	✓			Awaiting management response
Business Continuity & Emergency Planning	EHofCR	✓						
Annual Governance Statement	HofLS	✓	✓	✓	✓	✓	<b>Limited</b>	
Programme/Project Management	EHofCR	✓						

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
<b>Financial Management</b>								
Housing Rents	EHofC	✓	✓	✓				
Accounts Payable	CFO	✓	✓	✓				
Accounts Receivable/Debt Management	CFO	✓	✓	✓				
Income Collection	CFO	✓	✓	✓				
LGCS	CFO	✓	✓	✓	✓	✓	n/a	Grant certification
Compliance & Enforcement Grant	CFO	✓	✓	✓	✓	✓	n/a	Grant certification
<b>Information Technology</b>								
IT Governance	EHofCR	✓	✓	✓				
Data Management	EHofCR	✓	✓	✓				
<b>Service Reviews</b>								
Waste, recycling & street cleansing	EHofC	✓	✓	✓				Incorporated as part of the Contract Management review
Development Management	CPO	✓	✓					

Audit Sponsor					
CE	Chief Executive	CFO	Chief Finance Officer	HofL	Head of Legal Services & Monitoring Officer
EHofCR	Exec Head of Corporate Resources	EHofC	Exec Head of Communities	CPO	Chief Planning Officer



## 8. Adjustment to the Internal Audit Plan

There has been the following amendment to the plan:

Plan Variations for 2021/22	
Removed from the plan	Reason
Main Accounting	Deferred until Q2 2022/23 at the request of the Chief Finance Officer, due to capacity issues within the team to accommodate the review.

**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.