
Southern Internal Audit Partnership

Assurance through excellence
and innovation

TANDRIDGE DISTRICT COUNCIL

Internal Audit Progress Report – 2022/23

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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:

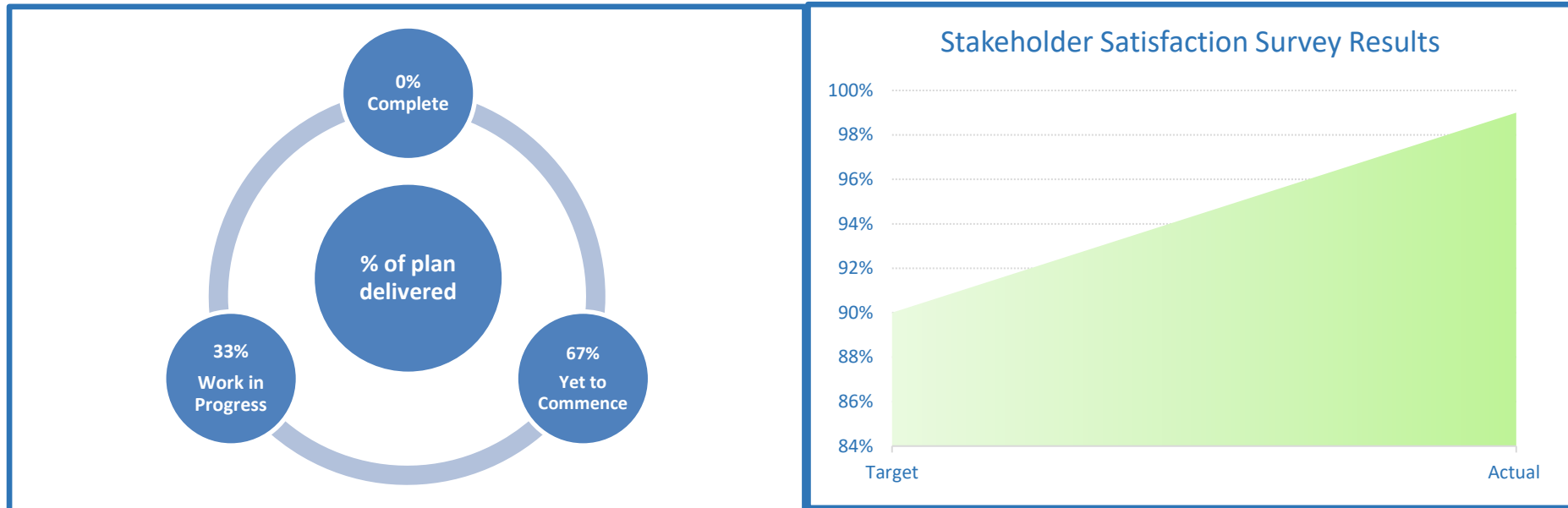
- The status of ‘live’ internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor’s annual opinion.

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	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.

** 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
IT Disaster Recovery & Business Continuity	06.07.20	HofT&BS	No Assurance	11(11)	0(0)	10(10)			1
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)	16(10)		1	2
Information Governance	11.08.21	HofLS	Limited	14(7)	0(0)	9(4)		2	3
Grants Register	18.08.21	EHofC & CFO	No Assurance	5(5)	0(0)	4(4)			1
Health & Safety	27.08.21	EHofC	No Assurance	26(17)	0(0)	24(16)		1	1
Annual Governance Statement	02.12.21	HofL	Limited	8(7)	0(0)	6(6)		1	1
Fraud Governance Arrangements	24.03.22	HofL	Limited	15(11)	0(0)	5(3)		2	8
Housing Rents	17.06.22	EHofC	Reasonable	8(4)	4(2)	4(2)			
IT Governance	20.06.22	CE	Limited	6(0)	4(0)	2(0)			
IT Database Management	20.06.22	CE	Limited	7(1)	7(1)	0(0)			
Income Collection	08.08.22	CFO	Reasonable	5(0)	4(0)	1(0)			
Contract Management	11.08.22	HofLS	Limited	20(3)	20(3)	0(0)			
Business Continuity & Emergency Planning	08.09.22	EHofC	Limited	12(11)	3(3)	9(8)			
Safeguarding	13.09.22	EHofC	Limited	14(7)	10(6)	4(1)			
Programme/Project Management	14.09.22	EHofC	Limited	4(0)	4(0)	0(0)			
Total				179(98)	56(15)	98(66)	0	8	17

**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 four new reports published concluding a “limited” assurance opinion since our last progress report in July 2022. Details of these have been provided within the 2021/22 Internal Audit Annual Report & Opinion tabled in the previous agenda item.

6. Planning & Resourcing

The internal audit plan for 2022/23 was presented to the Management Team and the Audit & Scrutiny Committee in March 2022.

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
Governance								
Savings Realisation	CFO	✓	✓					
Health and Safety	EHofC							Q3
Risk Management	HofP&C							Q4
Human Resources & Organisational Development	HofT&BS							Q4
Annual Governance Statement	HofL							Q3
IT								
IT Business Continuity	HofT&BS							Q3
Core Financial Reviews								
Accounts Payable	CFO							Q3
Accounts Receivable/Debt Management	CFO							Q3

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Main Accounting	CFO							Scoping meeting to be arranged. Delayed due to client's availability.
Payroll	CFO							Q4
Treasury Management	CFO	✓	✓	✓	✓			
Service Reviews								
Operational Services	EHofC	✓						
Environmental Health & Licensing	EHofC	✓	✓	✓				
Disabled Facility Grants	EHofC	✓	✓	✓	✓			
Other								
Follow Up	Various							Q4

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				

8. Adjustment to the Internal Audit Plan

There have been no amendments to the plan to date.

Tandridge District Council Assurance Opinions (Pre 2020-21)

Substantial	A sound framework of internal control is in place and is operating effectively. No risks to the achievement of system objectives have been identified.
Adequate	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.
Limited	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.
No	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.