
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:

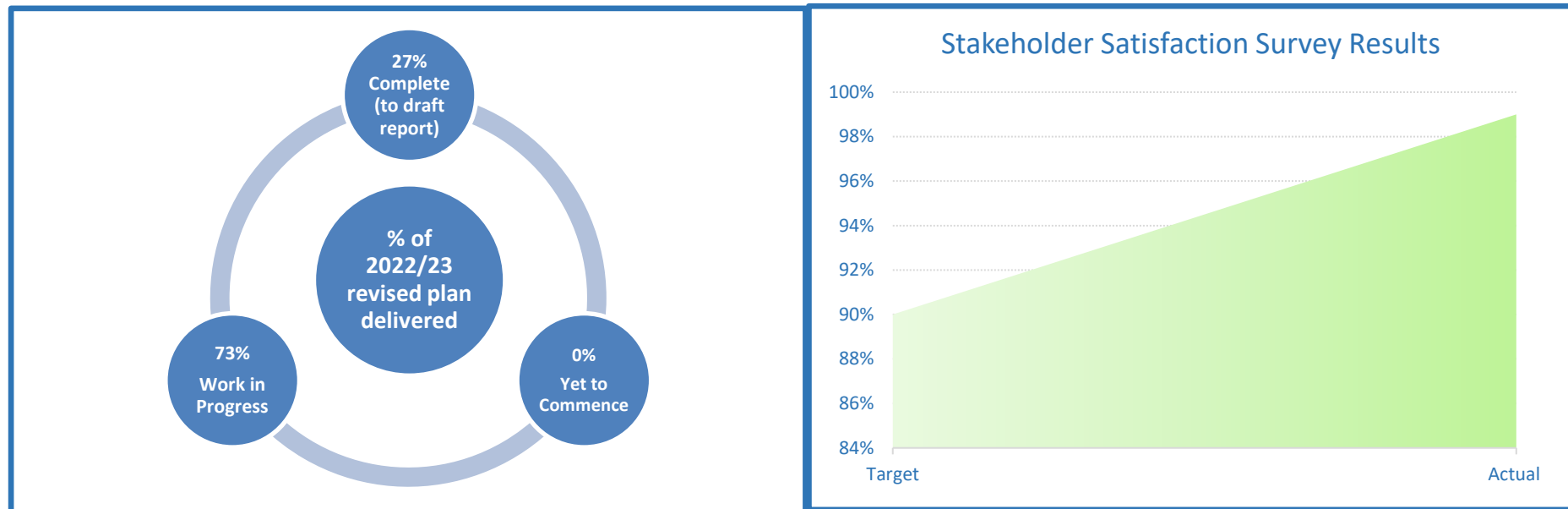
- The status of ‘live’ internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor’s annual opinion.

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) | 17(11) | | 1 | 1 |
| Information Governance | 11.08.21 | HofL | Limited | 14(7) | 0(0) | 11(6) | | 2 | 1 |
| Fraud Governance Arrangements | 24.03.22 | HofL | Limited | 15(11) | 0(0) | 5(3) | | 2 | 8 |
| IT Governance | 20.06.22 | CE | Limited | 6(0) | 0(0) | 5(0) | | 1 | |
| IT Database Management | 20.06.22 | CE | Limited | 7(1) | 0(0) | 3(1) | | 4 | |
| Income Collection | 08.08.22 | CFO | Reasonable | 5(0) | 0(0) | 2(0) | | 3 | |
| Contract Management | 11.08.22 | CFO | Limited | 20(3) | 1(0) | 7(0) | | 9 | 3 |
| Business Continuity & Emergency Planning | 08.09.22 | HofC&P | Limited | 12(11) | 0(0) | 6(5) | | | 6 |
| Safeguarding | 13.09.22 | HofC&P | Limited | 14(7) | 2(0) | 12(7) | | | |
| Disabled Facilities Grants | 14.10.22 | HofH | Reasonable | 4(1) | 1(0) | 2(1) | | 1 | |
| Environmental Health & Licensing | 08.02.23 | HofH | Reasonable | 6(0) | 2(0) | 4(0) | | | |
| Total | | | | 138(66) | 6(0) | 88(46) | 0 | 24 | 20 |

**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 2023.

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 | ✓ | ✓ | ✓ | ✓ | | | Draft final report issued. |
| Health and Safety | HofT&BS | ✓ | ✓ | | | | | |
| Risk Management | HofP&C | ✓ | ✓ | | | | | |
| Annual Governance Statement | HofL | ✓ | ✓ | ✓ | | | | |
| IT | | | | | | | | |
| IT Application Management (Orchard) | HofT&BS | ✓ | ✓ | ✓ | | | | |
| IT Follow Up | HofT&BS | ✓ | ✓ | ✓ | | | | |
| Core Financial Reviews | | | | | | | | |
| Accounts Payable | CFO | ✓ | ✓ | ✓ | | | | Close of audit meeting held, report pending. |
| Accounts Receivable/Debt Management | CFO | ✓ | ✓ | ✓ | | | | |

| Audit Review | Sponsor | Scoping | Terms of Reference | Fieldwork | Draft Report | Final Report | Assurance Opinion | Comment |
|----------------------------------|---------|---------|--------------------|-----------|--------------|--------------|-------------------|---------|
| Main Accounting | CFO | ✓ | ✓ | ✓ | | | | |
| Payroll | CFO | ✓ | ✓ | ✓ | | | | |
| Treasury Management | CFO | ✓ | ✓ | ✓ | ✓ | ✓ | Reasonable | |
| Service Reviews | | | | | | | | |
| Operational Services | HofO&C | ✓ | ✓ | | | | | |
| Environmental Health & Licensing | HofH | ✓ | ✓ | ✓ | ✓ | ✓ | Reasonable | |
| Disabled Facility Grants | HofH | ✓ | ✓ | ✓ | ✓ | ✓ | Reasonable | |
| Other | | | | | | | | |
| Follow Up | Various | ✓ | ✓ | ✓ | | | | |

| Audit Sponsor | | | | | |
|---------------|---------------------------------|--------|--------------------------------|--------|-------------------------------------|
| CE | Chief Executive | CFO | Chief Finance & S151 Officer | HofL | Head of Legal & Democratic Services |
| HofH | Head of Housing | CPO | Chief Planning Officer | HofT&B | Head of Transformation & Business |
| HofP&C | Head of Policy & Communications | HofO&C | Head of Operations & Contracts | HofC&P | Head of Communities & Partnerships |

8. Adjustment to the Internal Audit Plan

There have been the following amendments to the plan:

| Plan Variations for 2022/23 | |
|------------------------------|---|
| Added to the plan | Reason |
| IT Application Management | To provide assurance over the support and maintenance of business critical application(s). |
| Removed from the plan | Reason |
| IT Business Continuity | Deferred to 2023/24 to enable ongoing actions to be fully embedded prior to a further review. |
| Human Resources & OD | This review was scoped to look at the People Plan, however this is yet to be fully developed and will be considered as part of the 2023/24 planning. This resource has now been reallocated to further support the reviews of Operational Services and Follow Up. |

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. |