



Southern Internal Audit Partnership

Assurance through excellence
and innovation

ARUN DISTRICT COUNCIL INTERNAL AUDIT PROGRESS REPORT JANUARY 2023

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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

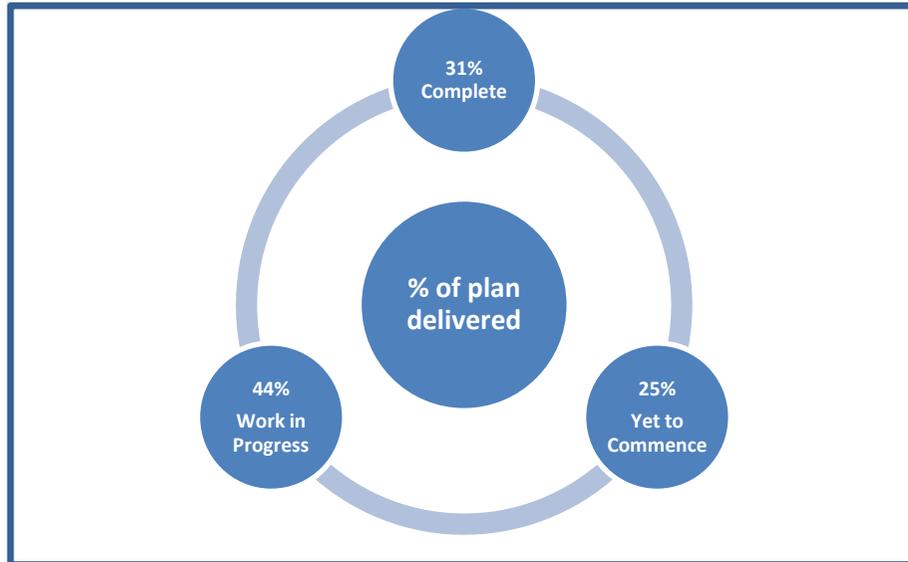
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- 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	<i>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.</i>
Reasonable	<i>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.</i>
Limited	<i>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.</i>
No	<i>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.</i>

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 Accepted	Not Yet Due	Complete	Overdue		
								L	M	H
Information Governance	09/12/2022	CEX	Reasonable	8 (5)	0	8 (5)				
Cyber Security	25/11/2022	CEX	Reasonable	10 (2)	0	7 (2)	3 (0)			
Health and Safety	09/01/2023	DoG	Reasonable	8 (0)	0	7 (0)	1 (0)			
Total								0	0	0

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

Audit Sponsor

CEX	Chief Executive	DoE&C	Director of Environment and Communities
DoG	Director of Growth		

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

There have been no reports published concluding a "Limited" or "No" assurance opinion to date for 2022/23.

6. Planning & Resourcing

The internal audit plan for 2022-23 was presented to the Corporate Management Team and the Audit & Governance Committee in July 2022.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. Two further adjustments to the plan have been since our previous progress report presented to this Committee in November 2022 and these are reflected within section 8 of this report. 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
Corporate								
Health and Safety (Corporate)	CEX	✓	✓	✓	✓	✓	Reasonable	
BCP and Emergency Planning	DoE&C	✓	✓	✓				
Governance								
Procurement	CEX	✓	✓	✓				
Decision Making	CEX	✓	✓	✓				
Use of Agency Workers	CEX	✓	✓	✓	✓			
Information Governance	CEX	✓	✓	✓	✓	✓	Reasonable	
IT								
Cyber Security	DoG	✓	✓	✓	✓	✓	Reasonable	
IT Asset Management	DoG	✓	✓	✓				
Finance								
Accounts Receivable & Debt Management	CEX	✓	✓					
Treasury Management	CEX	✓	✓	✓	✓	✓	Substantial	
Council Tax	CEX	✓	✓	✓	✓	✓	Substantial	
Improving the Wellbeing of Arun								
Homelessness and Housing Advice	DoE&C							Q4
Supporting Our Environment to Support Us								
Climate Strategy	DoG	✓	✓	✓				
Cleansing Services	DoE&C							Q4
Programme and Project Management - Economic Regeneration	DoG							Q4
Miscellaneous								
Car Parks and Enforcement	DoG							Q4

8. Adjustments to the Internal Audit Plan

The following adjustments to the plan have been made.

Plan Variations	
Removed from the Plan	Reason
Transformation	Transformation Plan not yet in place. Will feature annually within plans from 2023/24.
Contract Management	Refuse Contract audit being covered this year, which will be used as assurance for this area.
Partnership Working	Internal administrative arrangements/framework being reviewed.
Savings Realisation	Savings Plan not yet in place. This will be developed, if required, following the completion of the transfer to zero based budgeting.
Leisure Facilities	No operational issues. Better covered in a future year as a contract management audit, following business recovery post pandemic.
Affordable Housing	Removed as a separate audit area as is better suited to inclusion as part of the Local Plan audit review.
Repairs and Maintenance (statutory H&S checks)	Housing Regulator assurance obtained.
Replacement Housing IT System	Areas for coverage have been identified and the timing for these falls within the 2023/24 plan.
Corporate Vision/Plan	Timing better aligned to the 23/24 plan to allow for review of effectiveness of KPI's and monitoring. Time to be used for additional work on procurement
Risk Management	Following the launch of the new risk management framework, better timed in 23/24 to allow for the process to embed. Time to be used for additional work on procurement
Financial Resilience	Capacity issues within Finance to service the audit and timing better aligned to the 23/24 plan to link with transformation and savings realisations plans.