Southern Internal Audit Partnership

Assurance through excellence and innovation

ARUN DISTRICT COUNCIL

INTERNAL AUDIT PROGRESS REPORT SEPTEMBER 2023

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September 2023

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.
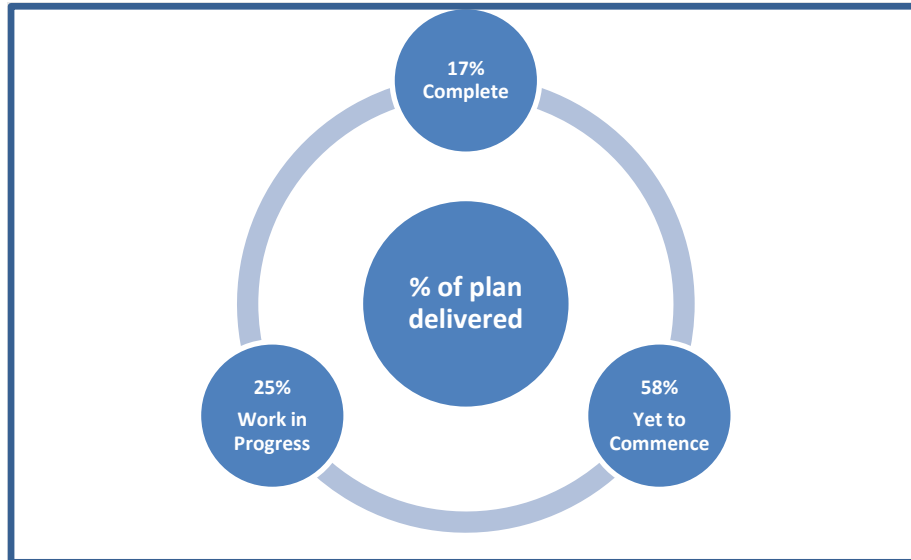
2. Purpose of report

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.*

3. Performance dashboard

% of plan delivered

- 17% Complete
- 25% Work in Progress
- 58% Yet to Commence

Stakeholder Satisfaction Survey Results

Target — Actual

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
2022/23									
Cyber Security	25/11/2022	CEX	Reasonable	10 (2)	1 (0)	8 (0)	1		
Information Governance	09/12/2022	CEX	Reasonable	8 (5)	2 (2)	3 (2)		2	1
Use of Agency Workers	30/01/2023	CEX	Limited	10 (0)	0(0)	8 (0)		2	
Decision Making and Accountability	08/02/2023	CEX	Substantial	3 (0)	3 (0)	0 (0)			
IT Asset Management	08/03/2023	DoE&C	Reasonable	8 (3)	0 (0)	7 (2)			1
Procurement	05/04/2023	CEX	Limited	7 (1)	2 (1)	5 (0)			
Climate Strategy	12/04/2023	DoE&C	Reasonable	2 (1)	2 (1)	0 (0)			
Car Parks and Enforcement	23/05/2023	DoG	Reasonable	7 (1)	1 (0)	6 (1)			
Accounts Receivable and Debt Management	13/06/2023	CEX	Reasonable	4 (1)	4 (1)	0 (0)			
Cleansing	04/07/2023	DoE&C	Reasonable	8 (0)	4 (0)	4 (0)			
Homelessness	06/07/2023	DoE&C	Limited	13 (13)	11 (11)	2 (2)			
Business Continuity	28/07/2023	DoE&C	Limited	23 (10)	23 (10)	0 (0)			
2023/24									
IT Systems Development and Implementation (eforms)	29/08/2023	CEX	Reasonable	7 (4)	6 (4)	1 (0)			
Fraud Framework	05/09/2023	CEX	Reasonable	12 (1)	11 (1)	1 (0)			
Total							1	4	2

*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 2023/24.

6. **Planning & Resourcing**

The internal audit plan for 2023-24 was presented to the Corporate Management Team and the Audit & Governance Committee in February 2023.

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
Corporate								
Transformation	CEX							Q4
Governance								
Fraud Framework	CEX	✓	✓	✓	✓	✓	Reasonable	
Risk Management	CEX	✓	✓					
Annual Governance Statement	CEX	✓	✓	✓	✓	✓	Substantial	
Human Resources	CEX							Q3
IT								
Cyber Security	DoE&C	✓	✓					
Disaster Recovery Planning	DoE&C							Q3
System Development and Implementation (eforms)	DoE&C	✓	✓	✓	✓	✓	Reasonable	
PCI	DoE&C	✓	✓	✓	N/A	N/A	N/A	Advisory work
Finance								
NNDR	CEX	✓	✓	✓				

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Housing Rents	DoE&C	✓	✓	✓				
Medium Term Financial Planning	CEX	✓	✓					
Improving the Wellbeing of Arun								
Disabled Facilities Grant	DoE&C							Q4
Leisure	DoE&C							Q3
Delivering the Right Homes in the Right Places								
Housing Voids	DoE&C							Q3
Responsive Maintenance	DoE&C							Q4
Replacement Housing IT System	DoE&C							As required
Planning and Development Management	DoG							Q4
Supporting Our Environment to Support Us								
Parks and Green Spaces	DoE&C							Q4
Environmental Health and Protection – Food Safety	DoG							Q2
Environmental Health and Protection – Noise and Enforcement	DoG							Q3
Fulfilling Arun's Economic Potential								
Economic Regeneration	DoG							Q3
Corporate Property Portfolio	DoG	✓	✓	✓				
Miscellaneous								
Licensing – Taxi's	DoG							Q4

8. Adjustments to the Internal Audit Plan

The following adjustment to the plan has been made:

Removed from the Plan	Reason
Economic Regeneration	Following the work undertaken in 2022/23, there is no requirement for additional work this year.

Annexe 1

Overdue 'High Priority' Management Actions

IT Asset Management - Reasonable
Observation:
There is CCTV coverage on the outside of the building, inside the reception area and the doorways leaving the area where devices are stored. Although there is no coverage of the doors to the storage locations, the routes to those locations are covered to some extent. Although the Net2 system records logs of access to doors by card there are currently shared access cards in use, for example "Engineer, Phone Engineer 1", "Civic Centre, Avantguard".

Management Action	Original Due Date	Revised Due Date	Latest Service Update
Replace shared access cards with individual cards and review door access to IT offices.	31.03.2023	31.10.2023	This is in progress. It has been more time consuming than anticipated to take back contractors passes.

Information Governance - Reasonable
Observation:
The Council's Data Protection Policy stipulates that all staff are required to undertake an annual programme of mandatory refresher data protection training. Appropriate training and briefings on data protection policies and procedures should be provided to Councillors on a biannual basis. Whilst we confirmed that data protection refresher training had been rolled out to staff in May 2021 and Councillors in 2020, there had not been any refresher training provided or planned for this year as at the time of the audit testing.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
The Council will provide DP training to all Councillors following the May 2023 elections and every 2 years thereafter	31.07.2023	31.10.2023	This is in progress but the July 2023 date was not achievable due to the need for Councillors to undertake their induction programme following the May 2023 elections. That programme is now complete and the DP training will now be rolled out.

Annexe 2

Overdue 'Low & Medium Priority' Management Actions (August 2023)

Audit Review	Report Date	Opinion	Priority	Due Date	Revised Due Date
Cyber Security	25.11.2022	Reasonable	Low	31.03.2023	31.10.2023
Information Governance	09.12.2023	Reasonable	Medium	31.07.2023	31.10.2023
			Medium	30.05.2023	31.10.2023
Use of Agency Workers	30.01.2023	Limited	Medium	31.07.2023	31.12.2023
			Medium	31.07.2023	31.12.2023