
Southern Internal Audit Partnership

Assurance through excellence
and innovation

ARUN DISTRICT COUNCIL INTERNAL AUDIT PROGRESS REPORT SEPTEMBER 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

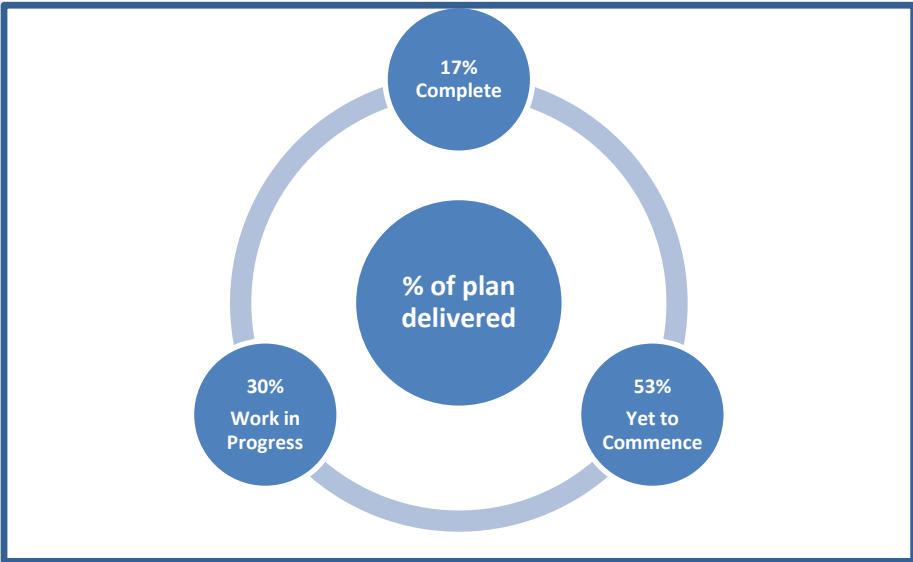
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- 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 Yet Due	Complete	Overdue		
							L	M	H
2022/23									
Cyber Security	25/11/2022	CEX	Reasonable	10 (2)	1 (0)	8 (2)	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
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)	3 (0)	0 (1)			1
Homelessness	06/07/2023	DoE&C	Limited	13 (13)	4 (4)	8 (8)			1
Business Continuity	28/07/2023	DoE&C	Limited	23 (10)	7 (0)	7 (6)		5	4
2023/24									
Fraud Framework	05/09/2023	CEX	Reasonable	12 (1)	9 (1)	3 (0)			
Total							1	9	8

*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	✓	✓					Q4
System Development and Implementation (eforms)	DoE&C	✓	✓	✓	✓	✓	Reasonable	
PCI	DoE&C	✓	✓	✓	N/A	N/A	N/A	Advisory work
Finance								
NNDR	CEX	✓	✓	✓				
Housing Rents	DoE&C	✓	✓	✓				
Medium Term Financial Planning	CEX	✓	✓	✓				

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
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	✓	✓					
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.
IT Disaster Recovery Planning	In consultation with management this review has been deferred to the early part of 2024/25. Some coverage of this area was included within our 2022/23 review of corporate business continuity planning.

Overdue 'High Priority' Management Actions

Information Governance - Reasonable			
<p>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.</p>			
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	In progress. 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.

IT Asset Management - Reasonable			
<p>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".</p>			
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	In progress. It has been more time consuming than anticipated to take back contractors passes.

Accounts Receivable and Debt Management - Reasonable

Observation:

Although there is a Sundry Debtors Write Off Policy and Corporate Debt Policy in place neither had been reviewed/updated in accordance with designated frequency. Neither of these documents make reference to policy or procedures for refunds, credit notes or the Dunning policy, for the collection of outstanding debts.

Discussions with Alan Smith, Group Accountant confirmed there are no formal written policy/procedures for refunds and credit notes. It was advised that this is usually down to the discretion of the service or if there has been an error with entry to the system. Whilst we acknowledge that there may be a need for applying some discretion in managing refunds/credit notes, it would be advisable to have a framework within which to operate and for required authorisations and segregation of duties to be applied.

Write off values stated within the Corporate Debt Policy and Write Off Policy were inconsistent with those stated in the Council's Constitution.

The Constitution 2021 - Version 2.2 (January 2023), on page 162 (Page 24) states that the Group Head of Finance is approved to write-off a combination of debts to the value of £8,000 in any one financial year, rather than up to £10,000 as stated in the Accounts Receivable Write-Off Policy dated January 2022.

The Constitution also mentions that subject to any policy adopted by Finance and Policy Committee, debts greater than £8,000 may only be written off with relevant committee approval, however the Council's Debt Policy states over £10,000.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
Update of the Accounts Receivable Write-Off Policy and Constitution so they both agree.	30.09.2023	31.01.2024	In progress. Instruction passed to Legal Services for amendment to be made. This (as with other changes to the Constitution) will need Committee approval prior to formal adoption.

Homelessness - Limited			
Observation: During discussions with the Interim Housing Options Manager, it was explained that there is no monitoring undertaken to ensure that all key correspondence with clients and evidence of appropriate authorisation is uploaded in HOPE for each case.			
Management Action	Original Due Date	Revised Due Date	Latest Service Update
Peer reviews to be carried out by officers on each others cases	31.08.2023	30.11.2023	In progress. A template for the reviews is currently being developed.

Business Continuity - Limited			
Observation: The Generic Emergency Plan states that the Emergency Plan and associated documents are to be stored on Resilience Direct. Appendix 1.1 of the Emergency Plan lists 14 emergency planning and associated documents, testing found that four of these documents were not stored on Resilience Direct and discussion confirmed that one of the documents, 'Move to Critical Plan (terrorism)', has not been written. Of the ten documents on Resilience Direct testing identified that four had no review date, four were overdue for review (review dates 2011, 2015, 2018 and 19/02/23) and two were not yet due for review.			
Management Action	Original Due Date	Revised Due Date	Latest Service Update
The Move to Critical plan is currently in draft and will be sent out for consultation and consequently published.	31.08.2023	30.11.2023	In progress. The Plan has been drafted and is out for consultation.

Business Continuity - Limited**Observation:**

The Corporate Business Continuity Plan was last updated in November 2022 and the scope states the strategy applies to all parts of the organisation. The plan includes incident management, core services, threats, recovery strategies and contact details. Audit testing identified that the plan does not include any guidance or procedures detailing the format and contents of plans or reference to the templates, where plans should be stored and how often plans should be reviewed and tested.

Testing identified a couple of discrepancies in the Corporate Plan:

- Six core services are listed for recovery in one day on page nine of the Corporate Plan. However, seven core services are listed on page 12.
- The accountability section states that 'Immediate responsibility is delegated to the Director of Services who is the Chair of the Business Recovery Management Team (BRMT)' however, the Director of Environment & Communities is shown as the Chair of the BRMT under the BCP roles and responsibilities.

The Corporate Plan includes high level responsibilities with regards to incidents for management, operational recovery teams, finance, elected members and all staff and general business continuity responsibilities are outlined for management and the Emergency Planning Officer. However, operational responsibilities for lower level business continuity plans are not set out. There was evidence of emails and guidance issued to service managers requesting business continuity plans to be reviewed and updated.

Discussions identified that no business continuity training has been provided to staff and there are no plans in place to provide training.

The Corporate Business Continuity Plan has not been formally approved by CMT.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
Revised Corporate BCP to be formally approved by CMT.	31.08.2023	31.10.2023	In progress. The BCP has been updated and is scheduled to be presented to CMT on 31.10.2023

Business Continuity - Limited**Observation:**

The Emergency Plan details individual roles and includes the preparatory role and the response role for each position. The preparatory role includes responsibilities such as training, maintain a working knowledge of the plan, understand duties, ensure contact details are up to date and some roles have wider preparatory responsibilities.

There was no evidence that many of these roles have been assigned to individuals and therefore staff with no training or knowledge of the Emergency Plan may be required to respond in an emergency. The training spreadsheet details the training provided to individual members of staff and what role/s they have been assigned however some of the roles in the training spreadsheet had different titles to those in the plan and some roles in the plan were not included in the training spreadsheet.

Appendix 1.13 of the Generic Emergency Plan sets out the training requirements for the emergency planning roles. A review of the spreadsheet that records the training provided to individual members of staff found that:

- Some training has been provided but most of it was some time ago and one officer had not had any training.
- Two courses have never been provided.
- Some courses have only been undertaken by the EP officer.

Tactical Emergency Management training was provided in November 2022 to some senior management.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
CMT will be asked to approve and support the training of officers as identified for the programme of training.	31.08.2023	30.11.2023	Consultation and presentation to be given to CMT mid November.

Business Continuity - Limited			
Observation: The Generic Emergency plan states that 'each plan should be reviewed, trained for and exercised at least once in three years', discussions confirmed that testing of the plan has not taken place.			
Management Action	Original Due Date	Revised Due Date	Latest Service Update
CMT will be asked to approve and support the exercising of officers, as identified for the programme of exercising.	30.09.2023	30.11.2023	Incorporated into the consultation and presentation scheduled for CMT mid November.

Overdue 'Low & Medium Priority' Management Actions (September 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
Business Continuity	28.07.2023	Limited	Medium	31.08.2023	30.11.2023
			Medium	30.09.2023	31.10.2023
			Medium	30.09.2023	30.11.2023
			Medium	30.09.2023	30.11.2023