



Southern Internal Audit Partnership

Assurance through excellence
and innovation

ARUN DISTRICT COUNCIL INTERNAL AUDIT PROGRESS REPORT DECEMBER 2023

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January 2024

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

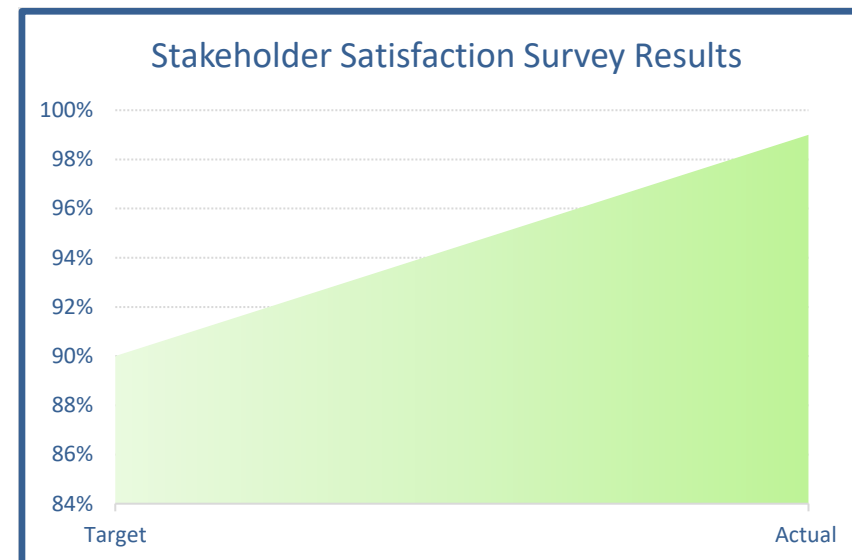
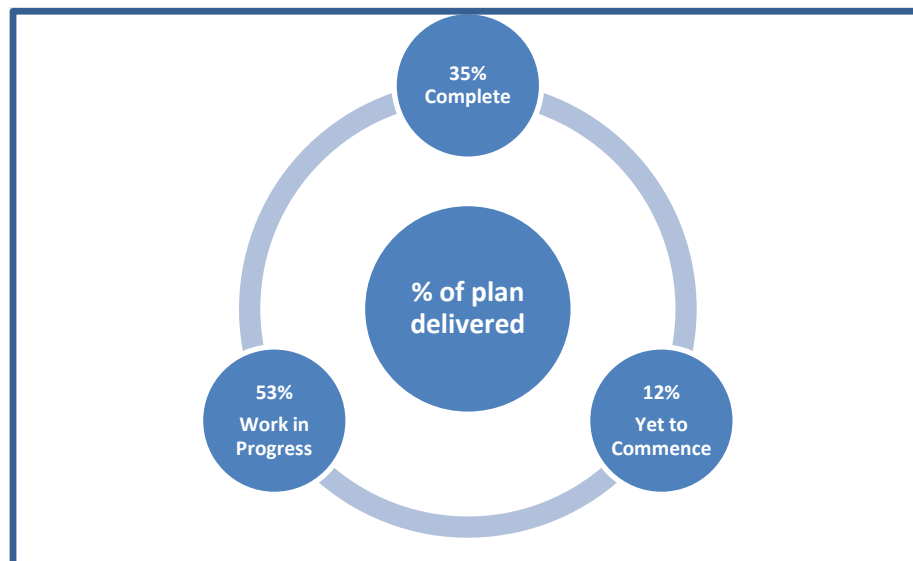
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- 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)	0 (0)	5 (3)		1	2
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)		3	
Climate Strategy	12/04/2023	DoE&C	Reasonable	2 (1)	1 (0)	1 (1)			
Car Parks and Enforcement	23/05/2023	DoG	Reasonable	7 (1)	0 (0)	6 (1)		1	
Accounts Receivable and Debt Management	13/06/2023	CEX	Reasonable	4 (1)	2 (0)	1 (0)			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)	2 (0)	15 (8)		4	2
2023/24									
Fraud Framework	05/09/2023	CEX	Reasonable	12 (1)	4 (1)	3 (0)		5	
National Non Domestic Rates (NNDR)	02/11/2023	CEX	Reasonable	4 (1)	1 (0)	3 (1)			
Risk Management	27/11/2023	CEX	Reasonable	5 (0)	2 (0)	2 (0)		1	
Total							1	17	6

*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
Governance								
Fraud Framework	CEX	✓	✓	✓	✓	✓	Reasonable	
Risk Management	CEX	✓	✓	✓	✓	✓	Reasonable	
Annual Governance Statement	CEX	✓	✓	✓	✓	✓	Substantial	
Human Resources	CEX	✓	✓					
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	✓	✓	✓	✓	✓	Reasonable	
Housing Rents	DoE&C	✓	✓	✓				
Medium Term Financial Planning	CEX	✓	✓	✓	✓			
Improving the Wellbeing of Arun								
Disabled Facilities Grant	DoE&C	✓						Q4

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Leisure	DoE&C	✓	✓	✓				
Delivering the Right Homes in the Right Places								
Housing Voids	DoE&C							Q4
Planning and Development Management	DoG							Q4
Supporting Our Environment to Support Us								
Environmental Health and Protection – Food Safety	DoG	✓	✓	✓				
Environmental Health and Protection – Noise	DoG	✓	✓					
Fulfilling Arun’s Economic Potential								
Corporate Property Portfolio	DoG	✓	✓	✓				

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.
Transformation	No audit requirement in 2023/24.
Replacement Housing IT System	No audit requirement in 2023/24.
Housing Responsive Repairs	Service capacity. Timing of audit to be reconsidered as part of the 24/25 audit planning cycle.
Parks and Green Spaces	Service capacity. Timing of audit to be reconsidered as part of the 24/25 audit planning cycle.
Licensing – Taxi’s	Service capacity. Timing of audit to be reconsidered as part of the 24/25 audit planning cycle.

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.
		29.02.2024	Training still to be rolled out.

Information Governance - Reasonable
<p>Observation: The ICO webpage, requires organisation's with systems and applications used for processing or storing personal data to maintain an information asset register. The asset register should capture details of all information assets (software and hardware) including the following information:</p> <ul style="list-style-type: none"> • The asset owner. • The data held. • Asset location. • Retention periods. • The legal basis for holding the data, and.

- Security measures deployed.

We confirmed from our discussions with the Information Governance Manager and the Data Protection Officer that the Council do not have an Information Asset Register, or a Record of Personal Data held.

Assets registers are expected to be reviewed periodically to ensure they remain up to date and accurate. The register would also enable the Council to demonstrate that all personal information held and processed by the Council are handled in line with GDPR guidance and would also assist the IMT in responding to DSAR effectively and in a timely manner.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
The Council will implement a corporate Information Asset Register and review annually thereafter	31.12.2023	29.02.2024	In progress and scheduled for completion by end of February 2024.

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
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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.
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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.
		29.02.2024	High workloads has meant a delay in implementing peer checks.

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.
		29.02.2024	Proposal to CMT in February

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.
		29.02.2024	Proposal to CMT in February

Annexe 2

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 30.04.2024
Information Governance	09.12.2023	Reasonable	Medium	31.07.2023	31.10.2023 31.01.2024
Use of Agency Workers	30.01.2023	Limited	Medium	31.07.2023	31.12.2023 30.09.2024
			Medium	31.07.2023	31.12.2023 30.09.2024
Business Continuity	28.07.2023	Limited	Medium	30.11.2023	30.03.2024
			Medium	30.09.2023	30.11.2023 30.03.2024
			Medium	30.11.2023	30.04.2024
			Medium	30.11.2023	30.04.2024
Fraud Framework	05.09.2023	Reasonable	Low	30.11.2023	31.03.2024
			Low	30.11.2023	31.03.2024
			Low	31.12.2023	31.12.2024
			Low	31.12.2023	31.12.2024
			Medium	31.10.2023	31.01.2024
Risk Management	27.11.2023	Reasonable	Medium	31.12.2023	31.01.2024
Car Parks and Enforcement	23.05.2023	Reasonable	Medium	31.12.2023	30.06.2024
Decision Making and Accountability	08.02.2023	Substantial	Medium	30.11.2023	29.02.2024
			Medium	31.12.2023	31.03.2024
			Medium	31.12.2023	29.02.2024