
Southern Internal Audit Partnership

Assurance through excellence
and innovation

ARUN DISTRICT COUNCIL INTERNAL AUDIT PROGRESS REPORT SEPTEMBER 2024

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October 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

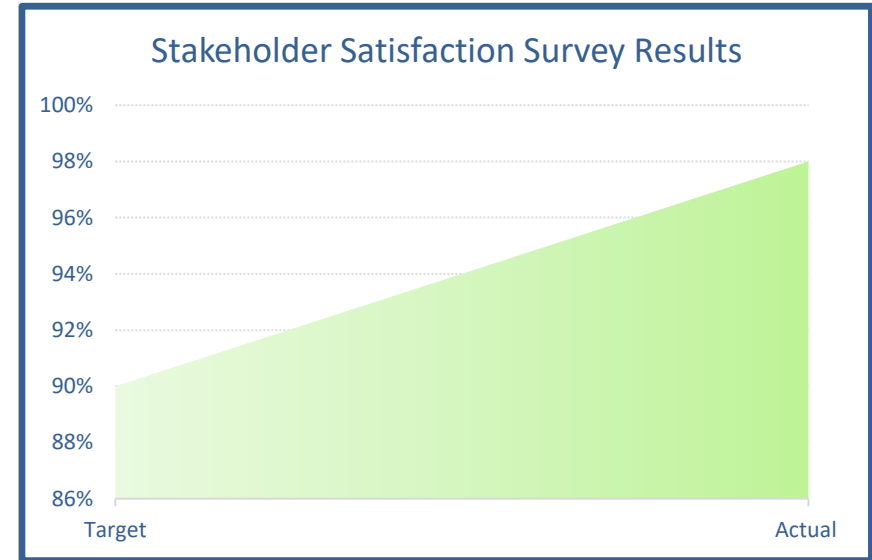
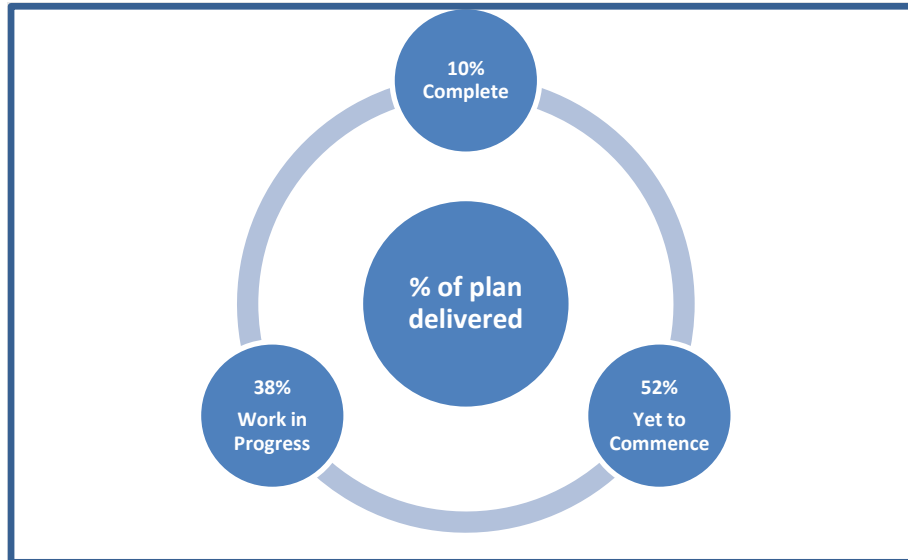
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- 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** *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



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	Nov 2022	DoG	Reasonable	10 (2)	0 (0)	8 (2)	2		
Information Governance	Dec 2022	CEX	Reasonable	8 (5)	0 (0)	6 (3)			2
Car Parks and Enforcement	May 2023	DoG	Reasonable	7 (1)	0 (0)	6 (1)		1	
Accounts Receivable and Debt Management	June 2023	CEX	Reasonable	4 (1)	0 (0)	3 (0)		1	
Business Continuity	July 2023	DoE&C	Limited	23 (10)	0 (0)	19 (10)		2	
2023/24									
Fraud Framework	Sept 2023	CEX	Reasonable	12 (1)	0 (0)	6 (1)	4	2	
Risk Management	Nov 2023	CEX	Reasonable	5 (0)	1 (0)	3 (0)		1	
Medium Term Financial Planning	Jan 2024	CEX	Reasonable	2 (2)	1 (1)	1 (1)			
Asset Management (Corporate Buildings)	May 2024	DoG	Limited	11 (6)	5 (3)	5 (2)			1
Community Infrastructure Levy	July 2024	DoG	Substantial	1 (0)	1 (0)	0 (0)			
Disabled Facilities Grants	July 2024	DoG	Reasonable	7 (1)	4 (1)	3 (0)			
Housing Rents	July 2024	DoE&C	Reasonable	12 (0)	9 (0)	3 (0)			
2024/25									
Total							6	7	3

*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 2024/25.

6. Planning & Resourcing

The internal audit plan for 2024/25 was presented to the Corporate Leadership Team and the Audit & Governance Committee in February 2024.

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
2023/24 Reviews								
Housing Rents	DoE&C	✓	✓	✓	✓	✓	Reasonable	
Housing Void Repairs	DoE&C	✓	✓	✓	✓	✓	Reasonable	
2024/25 Reviews								
Corporate/Governance								
UK Prosperity Fund	DoG	✓	✓	✓	✓			
IR35	CEX							Q4
Human Resources	CEX							Q4
IT								
Disaster Recovery Planning	DoE&C							Q3/4
Wi-fi Security	DoE&C	✓	✓	✓	✓	✓	Substantial	
Finance								
Accounts Payable	CEX	✓	✓	✓				
Housing Benefits	CEX	✓	✓	✓				
Payroll	CEX	✓	✓	✓				Q2
Savings Realisation	CEX							Q4

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Improving the Wellbeing of Arun								
Community Safety/Development	DoE&C	✓	✓					Q2
Delivering the Right Homes in the Right Places								
Housing Allocations	DoE&C							Q4
Repairs and Maintenance (statutory H&S checks)	DoE&C							Q4
Responsive and Emergency Repairs	DoE&C							Q3
Neighbourhood Services/Tenancy Management	DoE&C	✓						Q3
Supporting Our Environment to Support Us								
Cleansing Services	DoG							Q2
Climate Strategy	DoG							Q3
Parks and Green Spaces	DoE&C	✓	✓	✓				
Environmental Health and Protection	DoG	✓	✓	✓				Q2
Fees and Charges (Technical Services)	DoG							Q3
Miscellaneous								
Licensing – Taxi's	DoG							Q4
S106 Agreements	DoG	✓	✓	✓	✓	✓	Substantial	

8. Adjustments to the Internal Audit Plan

The following adjustment to the plan has been made:

Additions to the Plan	Reason
S106 Agreements	Carried forward from 2023/24
Removed from the Plan	Reason
Strategic Economic Partnerships	To be encompassed within a wider review of economic development, timing to be considered as part of 24/25 audit planning.

Overdue 'High Priority' Management Actions

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. <p>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.</p> <p>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.</p>			
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	31.12.2024	While the Information Asset Register is drafted it is not in a stage ready for publication and more time is needed. That has been complicated by a departure in the team more recently which has added strain back onto existing resources and ability to complete the Register.
The Council will review the Information Asset Register on an annual basis.	31.12.2023	31.12.2024	As above

Asset Management (Corporate Buildings) - Limited			
<p>Observation: Although fire inspection certificates were in place as required, fire risk assessments due on two operational assets which were provided had missed the next review date and the officer confirmed that others were also overdue.</p>			
Management Action	Original Due Date	Revised Due Date	Latest Service Update
The Structural Engineering and Compliance Officer will identify these overdue statutory responsibilities and work with relevant officers across the team to complete the overdue reviews, updating records and ensuring further reviews are programmed as necessary.	31.07.2024	31.01.2025	<p>The last of the necessary inspections is programmed for 11 November. A revised completion date of 31 January 2025 has been set to allow time to receive the report and complete any actions.</p> <p>All statutory responsibilities will be reported quarterly to CLT as part of Health and Safety reporting.</p>

Overdue 'Low & Medium Priority' Management Actions (July 2024)

Audit Review	Report Date	Opinion	Priority	Due Date	Revised Due Date
Cyber Security	Nov 2022	Reasonable	Low	31.03.2023	30.11.2024
			Low	31.10.2023	30.11.2024
Car Parks and Enforcement	May 2023	Reasonable	Medium	31.12.2023	30.11.2024
Accounts Receivable and Debt Management	June 2023	Reasonable	Medium	31.12.2023	31.10.2024
Business Continuity	July 2023	Limited	Medium	31.10.2023	30.11.2024
			Medium	30.11.2023	31.10.2024
Fraud Framework	Sept 2023	Reasonable	Low	29.02.2024	31.10.2024
			Low	31.03.2024	31.10.2024
			Low	30.11.2024	31.10.2024
			Low	31.12.2023	31.10.2024
			Medium	31.10.2023	31.10.2024
			Medium	31.03.2024	31.03.2025
Risk Management	Nov 2023	Reasonable	Medium	31.03.2024	31.03.2025