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# **Southern Internal Audit Partnership**

Assurance through excellence  
and innovation

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## **ARUN DISTRICT COUNCIL INTERNAL AUDIT PROGRESS REPORT JANUARY 2025**

**Prepared by: Iona Bond, Deputy Head of Partnership**

**February 2025**

## 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

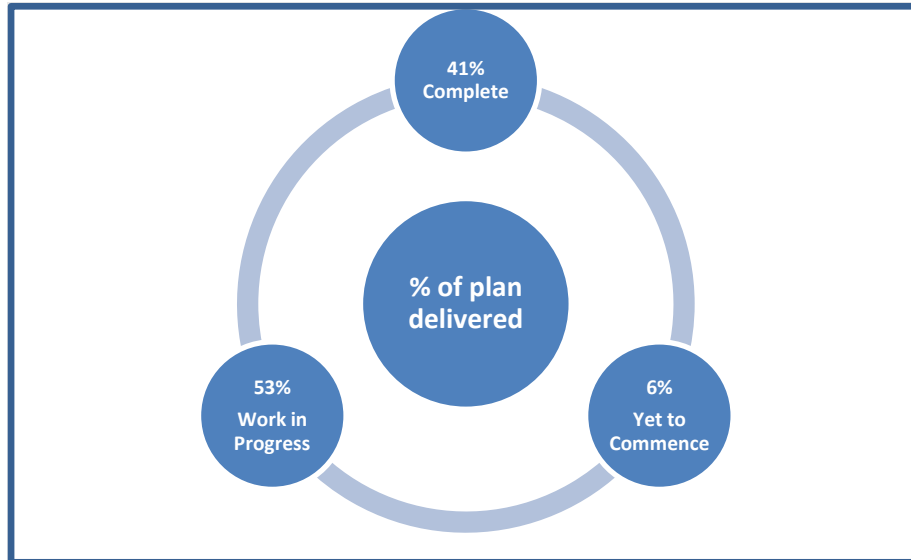
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- 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:

<b>Substantial</b>	<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>
<b>Reasonable</b>	<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>
<b>Limited</b>	<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>
<b>No</b>	<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	Nov 2022	DoG	Reasonable	10 (2)	0 (0)	8 (2)	2		
Car Parks and Enforcement	May 2023	DoG	Reasonable	7 (1)	0 (0)	6 (1)		1	
2023/24									
Fraud Framework	Sept 2023	CEX	Reasonable	12 (1)	0 (0)	10 (1)		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)	4 (3)	6 (3)		1	
Disabled Facilities Grants	July 2024	DoG	Reasonable	7 (1)	1 (0)	6 (1)			
Housing Rents	July 2024	DoE&C	Reasonable	12 (0)	9 (0)	3 (0)			
2024/25									
Accounts Payable	Dec 2024	CEX	Reasonable	9 (0)	9 (0)	0 (0)			
Housing Benefits	Dec 2024	CEX	Reasonable	4 (1)	2 (0)	2 (1)			
Parks and Green Spaces	Oct 2024	DoE&C	Substantial	2 (1)	1 (0)	1 (1)			
<b>Total</b>							<b>2</b>	<b>5</b>	<b>0</b>

\*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
<b>2023/24 Reviews</b>								
Housing Rents	DoE&C	✓	✓	✓	✓	✓	Reasonable	
Housing Void Repairs	DoE&C	✓	✓	✓	✓	✓	Reasonable	
<b>2024/25 Reviews</b>								
<b>Corporate/Governance</b>								
UK Prosperity Fund	DoG	✓	✓	✓	✓	✓	Substantial	
Human Resources	CEX							
<b>IT</b>								
Disaster Recovery Planning	DoE&C	✓	✓					
Wi-fi Security	DoE&C	✓	✓	✓	✓	✓	Substantial	
<b>Finance</b>								
Accounts Payable	CEX	✓	✓	✓	✓	✓	Reasonable	
Housing Benefits	CEX	✓	✓	✓	✓	✓	Reasonable	
Payroll	CEX	✓	✓	✓	✓			
Procurement	CEX	✓						
<b>Improving the Wellbeing of Arun</b>								
Community Safety/Development	DoE&C	✓	✓	✓				
<b>Delivering the Right Homes in the Right Places</b>								
Responsive and Emergency Repairs	DoE&C	✓						
Neighbourhood Services/Tenancy Management	DoE&C	✓	✓					

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
<b>Supporting Our Environment to Support Us</b>								
Climate Strategy	DoG	✓	✓	✓	✓			
Parks and Green Spaces	DoE&C	✓	✓	✓	✓	✓	Substantial	
Environmental Health and Protection – Rented Private Sector Housing: Standards and Enforcement	DoG	✓	✓	✓	✓	✓	Substantial	
Fees and Charges (Technical Services)	DoG	✓	✓					
<b>Miscellaneous</b>								
Licensing – Taxi's	DoG	✓						
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.
Procurement	Considered a higher priority area for coverage.
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.
IR35	Postponed to 2025/26 and incorporated into a wider proposed review around the use of agency staff.
Cleansing Services – Green Waste	Delay in new legislation
Housing Allocations	Capacity issues within department due to competing pressures. To be rescheduled for 2025/26
Repairs and Maintenance (statutory health and safety checks)	

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Savings Realisation	Following scoping, determined better timing in 2025/26 as current round of savings targets substantially achieved.
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**Overdue 'High Priority' Management Actions**

There are no overdue high priority management actions.

## Overdue 'Low &amp; 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	30.04.2025
			Low	31.10.2023	30.04.2025
Car Parks and Enforcement	May 2023	Reasonable	Medium	31.12.2023	01.04.2025
Fraud Framework	Sept 2023	Reasonable	Medium	31.10.2023	30.06.2025
			Medium	31.03.2024	30.06.2025
Risk Management	Nov 2023	Reasonable	Medium	31.03.2024	31.03.2025
Asset Management (Corporate Buildings)	May 2024	Limited	Medium	01.10.2024	30.06.2025