



Southern Internal Audit Partnership

Assurance through excellence
and innovation

HART DISTRICT COUNCIL INTERNAL AUDIT PROGRESS REPORT - JUNE 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

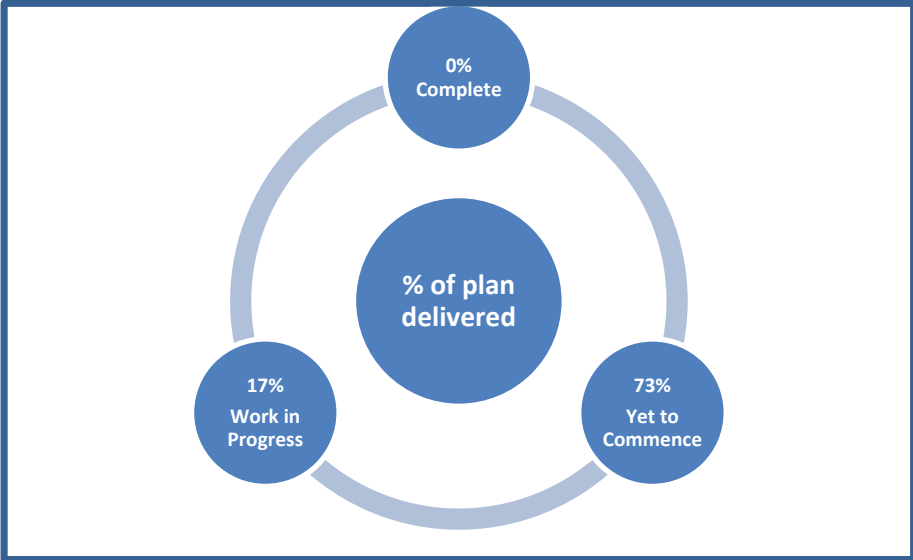
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- 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. 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



*Results are the outcomes of a Partnership wide survey undertaken in April 2023.

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 Accepted	Not Yet Due	Complete	Overdue		
								L	M	H
Accounts Payable	Mar 23	Corporate	Satisfactory*	2		2				
Housing Benefits	Jun 23	Corporate	Satisfactory*	1		1				
Revenues	Jun 23	Corporate	Satisfactory*	1				1		
Payroll	Jun 23	Corporate	Satisfactory*	3		3				
Total								0	1	0

() the figure in brackets indicates high priority management action(s).

*Indicates an assurance opinion relating to a 22/23 audit review – assurance opinion definitions for these reviews are detailed at Annexe 3

Audit Sponsor

Chief Executive
Daryl Phillips

Executive Director of Community Services Kirsty Jenkins	Executive Director of Corporate Services Graeme Clark	Executive Director of Place Services Mark Jaggard
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5. Executive Summaries of reports published concluding a ‘Limited’ or ‘No’ assurance opinion

There have been no limited assurance opinions issued.

6. Planning & Resourcing

The internal audit plan for 2023-24 was presented to and agreed by the Senior Leadership Team and the Audit Committee in March 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	ToR	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
2022/23								
Payroll	Corporate	-	-	-	-	Jun 23	Satisfactory	
IT Controls	Corporate	-	-	-	-			With S151
Housing Benefit	Corporate	-	-	-	-	Jun 23	Satisfactory	
Revenues (CTax/NNDR)	Corporate	-	-	-	-	Jun 23	Satisfactory	
Procurement	Corporate	-	-	-	-			With S151
Planning Performance	Place	-	-	-	-			With S151
2023/24								
Information Governance	Corporate	✓	✓	✓				
Risk Management	Corporate							Q3
Programme & Project Management	Corporate							Q2
HR – Workforce Strategy	Corporate	✓	✓	✓				
Savings Realisation	Corporate							Q3
Decision Making	Corporate							Q3
National Fraud Initiative	Corporate							S151 to advise on latest position
Payment Card Industry Standards	Corporate							Q4
Cyber – Staff Training & Awareness	Corporate							Q2
Vulnerability Management	Corporate							Q3

Audit Review	Sponsor	Scoping	ToR	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Accounts Receivable & Debt Management	Corporate							Q3
Housing Benefits	Corporate							Q4
Climate Change	Corporate							Q3
Safeguarding	Community	✓	✓	✓				
Licencing	Place							Q2
S106 Developer Contributions	Place							Q4
Waste & Recycling	Corporate							Q4
Legal Services	Corporate							Q2

8. Adjustments to the Internal Audit Plan

Plan Variations 2023/24	
Additions to the plan	Explanation
N/A	-
Deletions from the plan	Explanation
N/A	-

Annexe 1

Overdue 'High Priority' Management Actions

Observation:			
Risk:			
Management Action	Original Due Date	Revised Due Date	Latest Service Update

Annexe 2

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

Audit Review	Report Date	Opinion	Priority		Due Date	Revised Due Date
			Low	Medium		
Revenues	Jun 23	Satisfactory		1	Jan 23	Aug 23
Total				1		

Assurance Rating (prior to June 2022/23 reports)

Substantial	Substantial assurance is given where there is a sound system of control in place, which is applied consistently to ensure the intended objective is met.
Satisfactory	Satisfactory assurance given where there is generally a sound system of internal control in place with only minor lapses, and in general, objectives achieved.
Limited	Limited assurance is given where controls in place are not always applied and objectives may not be achieved, meaning the Council is exposed to the risk of financial loss, fraud or the loss of reputation.
None	No assurance is given where weaknesses in control has resulted if a failure to achieve objectives.