



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

**HART DISTRICT COUNCIL
INTERNAL AUDIT PROGRESS REPORT – FEBRUARY 2024**

Prepared by: **Neil Pitman, Head of Partnership**

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

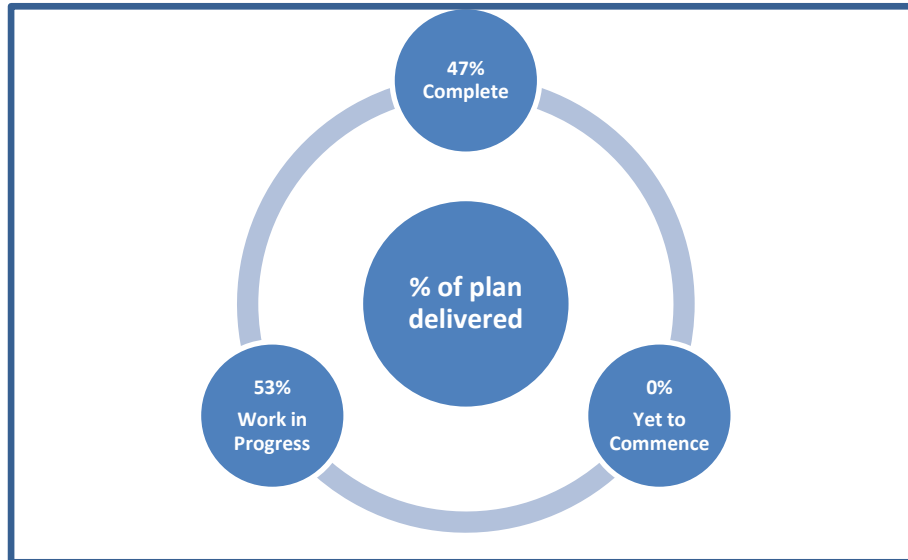
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- 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
Safeguarding	Aug 23	Community	Reasonable	15	0	1	12		2	
HR – Workforce Strategy	Nov 23	Corporate	Limited	7	0	3	2		2	
Legal Services	Feb 24	Corporate	Limited	9	0	8	1			
Cyber – User Training & Awareness	Feb 24	Corporate	Reasonable	4	0	4	0			
Total								-	4	-


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 two limited assurance opinion reviews issued since our last progress report.

Human Resources - Workforce Strategy		
Audit Sponsor	Assurance opinion	Management Actions
Graeme Clark, Executive Director of Corporate Services and Section 151 Officer	 Limited	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: green; color: white; padding: 5px; text-align: center;">Low 1</div> <div style="background-color: yellow; padding: 5px; text-align: center;">Medium 6</div> <div style="background-color: red; color: white; padding: 5px; text-align: center;">High 0</div> </div>

Summary of key observations:

Strategic workforce planning is the process of analysing, forecasting, and planning workforce supply and demand, assessing gaps, and determining interventions. The purpose of the audit was to test whether a Workforce Strategy/Plan was in place and whether sufficient actions were evident to manage existing staffing resource risks. Testing was also carried out on the Council’s identification of current staffing needs and forecasting.

Positively, the Council maintains a comprehensive Recruitment and Selection Policy. Additionally staffing statistics are discussed at the Council’s Staffing Committee, with an experienced member of HR present, as well as the Chief Executive


However, the Council does not currently have a Strategic Workforce Plan in place. This is being reviewed currently, and the Council are looking to introduce a People and Organisational Development Strategy which covers analysis of the Council's current workforce and future workforce plans.

Whilst the Council was found to have a People Strategy in place covering the Council's values, along with a work programme for their implementation, the strategy did not cover workforce planning. Additionally, the document was created in 2015 with no evidence of it having been subsequently reviewed.

No evidence could be found of succession planning taking place other than in response to an event that prompted it.

Resourcing is a recognised risk by the Council and at the time of the audit featured as part of the Corporate Risk Register, however, there was a lack of clarity and concerns on the effectiveness of the existing controls and further mitigations documented to manage this risk.

One of the existing controls detailed in the risk register was found not to be in place, and none of the further mitigations had a defined timeframe for implementation set out in the Corporate Risk Register.

Legal Services		
Audit Sponsor	Assurance opinion	Management Actions
Graeme Clark, Executive Director of Corporate Services and Section 151 Officer	 Limited	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: green; color: white; padding: 5px; text-align: center;">Low 0</div> <div style="background-color: yellow; padding: 5px; text-align: center;">Medium 3</div> <div style="background-color: red; color: white; padding: 5px; text-align: center;">High 6</div> </div>

Summary of key observations:

Hart District Council (HDC) formed a Shared Legal Service (SLS) in 2007 with Basingstoke and Deane Borough Council (BDBC) with the aim of improving their respective services and achieving more efficient and effective working arrangements. In November 2012 HDC agreed to continue to delegate the legal service function to BDBC for a further 10 years which is supported by a Deed signed by both councils on 22nd May 2017.

The scope of this review was to review the effectiveness of governance arrangements in place for the delivery of the delegated function of legal services by BDBC and assess whether the service was being delivered according to the agreed Deed.

There was found to be a Shared Legal Services Manager (SLSM) in place with the role of day-to-day management of Shared Legal Services Team (SLST).

Positively, there were found to be ongoing monthly Work in Progress (WIP) meetings focusing on providing updates on all opened legal matters for each service (Community, Corporate and Place). Although minutes from the meetings are not taken, notes of actions and the next steps are recorded on the WIP report which is circulated to the relevant Executive Service Directors.

Additionally testing confirmed payment arrangements were timely and accurate.

However, it was observed that the Deed for the Provision of Shared Legal Services expired in 2022 and had not been reviewed or renewed.

Although we noted that the role of contract lead/manager now sits with the Deputy Monitoring Officer, after the Monitoring Officer left the Council, this has not been officially assigned, documented, or communicated, therefore certain roles we would expect from a contract lead is not being performed.

Some specialist external legal services are procured externally of the Agreement without prior notice to the Shared Legal Service Manager which is contrary to clause 14.5 in the Deed for the provision of legal service.

Whilst it was positive to note that quarterly Partnership Board meetings were taking place between the two Councils and discussions covered all shared services including the Shared Legal Services, there are no formal agenda, minutes, or action tracker for these meetings.

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
2023/24								
Information Governance	Corporate	✓	✓	✓	Oct 23	Oct 23	Reasonable	
Risk Management	Corporate	✓	✓	✓				
Programme & Project Management	Corporate	✓	✓	✓	Dec 23	Dec 23	Substantial	
HR – Workforce Strategy	Corporate	✓	✓	✓	Sep 23	Nov 23	Limited	
National Fraud Initiative - Agreement	Corporate	n/a	n/a	n/a	n/a	n/a	n/a	
Cyber – Staff Training & Awareness	Corporate	✓	✓	✓	Jan 24	Feb 24	Reasonable	
Vulnerability Management	Corporate	✓	✓	✓	Dec 23	Dec 23	Reasonable	
Accounts Receivable & Debt Management	Corporate	✓	✓	✓				
Housing Benefits	Corporate	✓	✓					
Climate Change	Corporate	✓	✓	✓	Dec 23			
Safeguarding	Community	✓	✓	✓	Jul 23	Aug 23	Reasonable	
Licencing	Place	✓	✓	✓	Feb 24			
S106 Developer Contributions	Place	✓						
Waste & Recycling	Corporate	✓						
Legal Services	Corporate	✓	✓	✓	Jan 24	Feb 24	Limited	
Planning Performance - Follow Up	Place	✓	✓	✓				
IT Controls – Follow Up	Corporate	✓						

8. Adjustments to the Internal Audit Plan

Plan Variations 2023/24	
Additions to the plan	Explanation
Planning Performance - Follow Up	Legacy Reviews
IT Follow Up	Legacy Reviews
Deletions from the plan	Explanation
Savings Realisations	Lower risk as all savings proposals for 23/24 have been met
Decision Making	Ongoing revision to the Council's Constitution which is to be put to Annual Council in mid-May 2024 for approval. Therefore, the timing of this review would be better placed following any Constitutional changes
Payment Card Industry Standards	Lower risk – days reassigned to higher priority areas

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

Audit Review	Report Date	Opinion	Priority		Due Date	Revised Due Date
			Low	Medium		
Safeguarding	Aug 23	Reasonable		1	31/01/24	31/03/24
				1	31/01/24	31/03/24
HR Workforce Strategy	Nov 23	Limited		1	31/12/23	29/02/24
				1	31/01/24	30/04/24
Total			-	4		