

**Internal Audit Progress Report**

**July 2017**

**Havant Borough Council**

**Havant**  
BOROUGH COUNCIL

**Southern Internal  
Audit Partnership**



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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

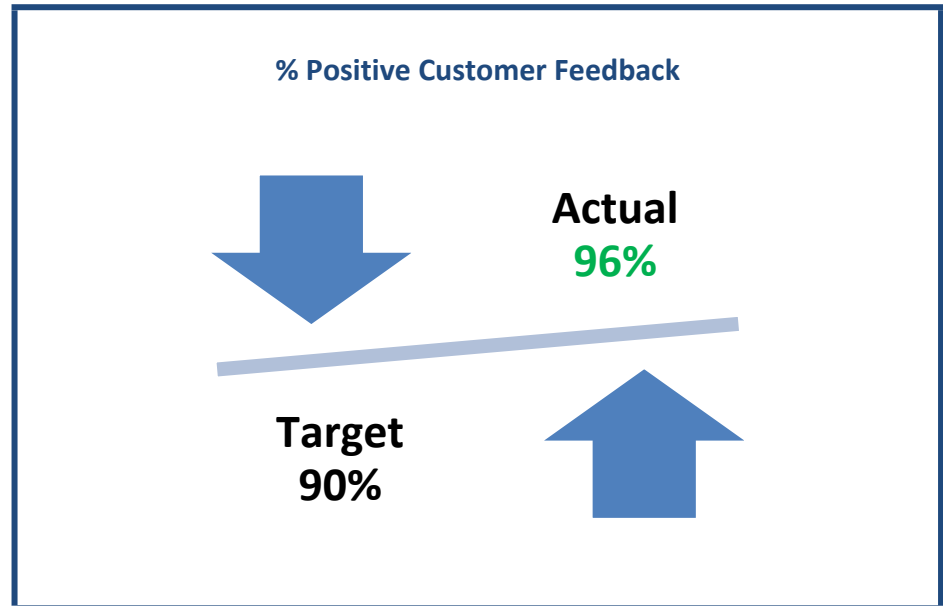
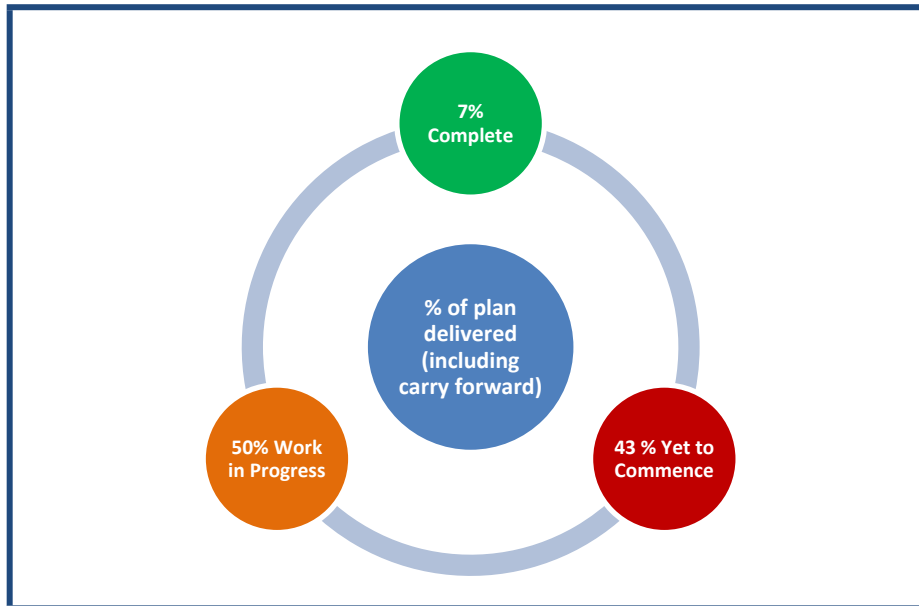
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- 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:

<b>Substantial</b>	A sound framework of internal control is in place and operating effectively. No risks to the achievement of system objectives have been identified
<b>Adequate</b>	Basically a sound framework of internal control with opportunities to improve controls and / or compliance with the control framework. No significant risks to the achievement of system objectives have been identified
<b>Limited</b>	Significant weakness identified in the framework of internal control and / or compliance with the control framework which could place the achievement of system objectives at risk
<b>No</b>	Fundamental weaknesses identified in the framework of internal control or the framework is ineffective or absent with significant risk to the achievement of system objectives

### 3. Performance dashboard



#### Compliance with Public Sector Internal Audit Standards / Local Government Application Note



An 'External Quality Assessment' of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2015. The report concluded:

*'It is our view that the Southern Internal Audit Partnership 'generally conforms' (top grading) to **all** of the principles contained within the International Professional Practice Framework (IPPF); Public Sector Internal Audit Standards (PSIAS); and the Local Government Application Note (LAGN).*

In accordance with PSIAS, a further self assessment was completed in April 2017 concluding that the Southern Internal Audit Partnership continues to comply with all aspects of the IPPF, PSIAS and LGAN.

## 4. Status of 'Live' Reports

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Management Actions ('High Priority')				
				Reported	Not Accepted	Pending	Cleared	Overdue
Insurance	01/04/16	HoF	Adequate	2 (0)	0 (0)	1 (0)	1 (0)	0 (0)
Local Government Transparency Code 2015	06/05/16	HoF	Adequate	7 (3)	0 (0)	3 (1)	4 (2)	0 (0)
<b>Contract Management</b>	<b>16/08/16</b>	<b>HoPRQ</b>	<b>Adequate</b>	<b>3 (2)</b>	<b>0 (0)</b>	<b>0 (0)</b>	<b>3 (2)</b>	<b>0 (0)</b>
<b>Lease Income</b>	<b>10/10/16</b>	<b>HoD</b>	<b>Adequate</b>	<b>1 (0)</b>	<b>0 (0)</b>	<b>0 (0)</b>	<b>1 (0)</b>	<b>0 (0)</b>
Procurement	13/10/16	HoPRQ	Adequate	5 (3)	0 (0)	2 (0)	3 (3)	0 (0)
Accounts Payable	11/01/17	HoF	Adequate	3 (0)	0 (0)	1 (0)	2 (0)	0 (0)
<b>Accounts Receivable</b>	<b>16/01/17</b>	<b>HoF</b>	<b>Adequate</b>	<b>2 (0)</b>	<b>0 (0)</b>	<b>0 (0)</b>	<b>2 (0)</b>	<b>0 (0)</b>
Business Continuity Planning / Disaster Recovery	30/01/17	HoOD	Adequate	9 (1)	0 (0)	6 (1)	3 (0)	0 (0)
Health and Safety	06/03/17	HoOD	Adequate	4 (0)	0 (0)	2 (0)	2 (0)	0 (0)
Information Governance	26/04/17	HoCS	Limited	19 (7)	0 (0)	13 (2)	6 (5)	0 (0)
Main Accounting	27/04/17	HoF	Substantial	1 (0)	0 (0)	1 (0)	0 (0)	0 (0)
Developers Obligations and Contributions / Community Infrastructure Levy (CIL)	15/06/17	HoP	Adequate	9 (5)	0 (0)	3 (0)	6 (5)	0 (0)
Norse South East – Governance Arrangements	19/06/17	HoSC	Adequate	3 (0)	0 (0)	1 (0)	2 (0)	0 (0)

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Management Actions ('High Priority')				
				Reported	Not Accepted	Pending	Cleared	Overdue
Risk Management	26/06/17	HoCS	Adequate	3 (0)	0 (0)	3 (0)	0 (0)	0 (0)
<b>Planning Development / Fee Income</b>	24/08/17	HoP	Adequate	0 (0)	1 (0)	0 (0)	0 (0)	0 (0)

Audit Sponsor	
Head of Organisational Development	HoOD
Head of Customer Services	HoCS
Head of Finance	HoF
Head of Programmes, Redesign and Quality	HoPRQ
Head of Research and Marketing	HoRM
Head of Planning	HoP
Head of Neighbourhood Support	HoNS
Head of Coastal Partnership	HoCP
Head of Development	HoD

Audit Sponsor	
Head of Strategic Commissioning	HoSC
Head of Property Services	HoPS

## 5. Executive Summaries of new reports published concluding a ‘Limited’ or ‘No’ assurance opinion

There are no new reports published concluding a ‘Limited’ or ‘No’ assurance opinion.

## 6. Fraud and Irregularities

In accordance with the Local Government Transparency Code 2015 there is a requirement on local authorities to publish the following information with regard counter fraud work:

Local Government Transparency Code 2015	01.04.17 – 31.07.17
<b>Part 2 Requirements - Fraud</b>	
<b>Number of occasions powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers have been used</b>	Nil
<b>Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud</b>	2 fte*
<b>Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists</b>	4 fte*
<b>Total amount of time spent by the authority on the investigation and prosecution of fraud</b>	12 days



Local Government Transparency Code 2015	01.04.17 – 31.07.17
Part 2 Requirements - Fraud	
<b>Total number of fraud cases investigated</b>	0**

\*relates to internal audit staff across the wider SIAP only (does not include other areas of the Council that may affect reported figures i.e. legal, HR, Trading Standards, departmental investigating officers etc.)

\*\*the definition of fraud is as set out by the Audit Commission in *Protecting the Public Purse - 'the intentional false representation, including failure to declare information or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss.'*

\*\*\*relates to SIAP staff only and includes time spent on proactive fraud initiatives to identify or prevent potential fraud that may not result in a formal investigation or prosecution.

## 7. Planning & Resourcing

The internal audit plan for 2017-18 was discussed by the Executive Board on 02 February 2017 and approved by the Governance and Audit Committee on 08 March 2017.

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 8.

## 8. Rolling Work Programme

Audit Review	Audit Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
<b>2017-18 Reviews</b>									
<b>Six Council Partnership</b>									
Partnership Governance Arrangements (6 Council Transition)*1	HoSC	✓	✓	✓				✓	
Performance Management *1	HoPRQ	✓	✓	✓				✓	
Human Resources *1	HoOD	✓	✓	✓				✓	
Environmental Health / Licencing	HoNQ								

Audit Review	Audit Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
<b>Six Council Partnership – Core Financial Systems (Migrating Systems)</b>									
Lease Income / Asset Management *1	HoPS	✓	✓	✓				✓	
Accounts Payable *1	HoF								
Accounts Receivable / Debt Management *1	HoF								
Main Accounting *1	HoF								
Treasury Management *1	HoF								
Payroll *1	HoF	✓	✓	✓				✓	
Management Reporting *1	HoF								
Financial Service Transfer (CAPITA)	HoF	✓						✓	
Finance System Data Migration	HoF								
<b>Six Council Partnership – Core Financial Systems (Business as usual)</b>									
Income Collection and Banking	HoCS								

Audit Review	Audit Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
Council Tax	HoCS	✓	✓	✓				✓	
NNDR	HoCS	✓	✓	✓				✓	
<b>Six Council Partnership - ICT</b>									
ICT Provider Transfer *1	HoPRQ	✓	✓	✓				✓	
<b>Strategic Objectives</b>									
Strategic Planning	HoOD	✓	✓	✓				✓	
Commercial Property Investments	HoPS								
New Homes Bonus	HoP								
<b>Corporate governance</b>									
CIPFA/Tecaff Fraud Survey	HoF	✓	n/a	✓	n/a	✓	n/a	✓	
Proactive Fraud Initiatives (Mobile Devices)	HoF	✓	N/A	✓				✓	
Proactive Fraud Initiatives (Fraud Risk Register/Analytics)	HoF								
Proactive Fraud Initiatives (Training)	HoF	✓	N/A	✓				✓	

Audit Review	Audit Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
National Fraud Initiative (NFI)	HoF	N/A	N/A	✓				✓	
Information Governance	HoPRQ	✓	✓	✓				✓	
<b>Business As Usual</b>									
Planning Development / Fee Income	HoP	✓	✓	✓	✓	✓	Adequate	✓	
Norse South East – Governance and Performance	HoSC								
Norse South East – Assurance Mapping	HoSC	✓						✓	
Norse South East – Business Continuity	HoSC								

\*1 - Reviews related to the Six Council Partnership that will cover HBC and EHDC, which are included in both Councils' audit plans.