

Internal Audit Progress Report 2023-24

February 2024

Havant Borough Council

Havant
BOROUGH COUNCIL

**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

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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’.

Havant Borough 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 organisation’s 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.

** Some reports listed within this progress report (pre 2020-21 audit plan) refer to categorisations used by SIAP prior to adoption of the CIPFA standard definitions, reference is provided at Annex 2.*

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 International Professional Practices Framework (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
Food Safety	Nov 19	EHoP	Limited **	10	0	9	1		
Animal Welfare (Licensing)	May 20	EHoP	Limited **	14	0	13		1	
Licensing	Jun 20	EHoP	Adequate **	6	0	4			2
Information Governance *	Jun 20	EHoIS	Limited **	8	0	8			
Norse South East - Governance	Apr 21	EHoC	Reasonable	5	0	3		2	
Lease Income	Jun 21	EHoC	Reasonable	3	0	0			3
Building Control	Jun 21	EHoP	Limited	9	0	6			3
Business Rates	Nov 21	HoCS	Reasonable	3	0	1	2		
Tree Management	Dec 21	EHoP	Reasonable	5	0	4	1		
Planning Enforcement	Jan 22	EHoP	Reasonable	4	0	3		1	
Disabled Facilities Grants	Feb 22	EHoP	Reasonable	14	0	8	1	5	
Main Accounting	Mar 22	CFO	Reasonable	3	0	0	3		
Procurement Arrangements	Apr 22	EHoC	Limited	11	0	1	3	7	
Income Collection and Banking *	Jun 22	CFO	Reasonable	2	0	2			
Accounts Payable *	Jun 22	CFO	Reasonable	6	0	6			
Accounts Receivable & Debt Management	Jul 22	CFO	Limited	6	0	4	1	1	
Planning / Developers Contributions	Jul 22	EHoP	Reasonable	2	0	0		1	1
IT Device Management	Jul 22	EHoC	Reasonable	9	0	8		1	
Cyber-Attack Response Pathway	Aug 22	EHoC	Reasonable	10	0	9		1	
Contract Management	Aug 22	EHoC	Reasonable	3	0	0		2	1
Asset Management (Tenanted Properties)	Nov 22	EHoC	Limited	4	1	0	1		2

Council Tax	Dec 22	EHoC	Reasonable	3	0	0	2	1	
Accounts Payable	Apr 23	CFO	Reasonable	7	0	5	2		
Treasury Management	Apr 23	CFO	Reasonable	5	1	3	1		
Homelessness	Apr 23	EHoHC	Reasonable	3	0	2	1		
Human Resources – Recruitment	May 23	EHoIS	Reasonable	14	0	13	1		
Business Continuity Planning *	May 23	EHoIS	Reasonable	7	0	7			
Accounts Receivable / Debt Management	Jul 23	CFO	Limited	14	0	12	2		
Asset Management – Lease Income	Aug 23	EHoC	Reasonable	8	2	2		4	
Information Governance	Oct 23	EHoC	Reasonable	9	5	4			
Benefits (including Council Tax Support Scheme)	Dec23	EHoC	Reasonable	7	0	3	2	2	
Total Management Actions (number)				214	9	140	13	33	19
Total Management Actions %				100	4	66	6	15	9

* Denotes audits where all actions have been completed since the last progress report.

** The reports listed (pre 2020-21 audit plan) refer to categorisations used by SIAP prior to the adoption of the CIPFA standard definitions, reference is provided at Annex 2.

The management actions have been assigned the following priority ratings by the officers responsible for implementing the actions:-

High Priority	An immediate risk of failure to achieve objectives; system breakdown; or loss. Such risk could lead to an adverse impact on the organisation or exposure to criticism.
Medium Priority	Although not immediate, there is risk of failure to achieve objectives; system breakdown; or loss.
Low Priority	Areas that individually have no immediate risk impact, but where management would benefit from enhanced process/control or efficiencies.

Audit Sponsor	
Chief Finance Officer	CFO
Executive Head for Commercial	EHoC
Executive Head for Internal Services	EHoIS
Chief Legal Officer and Monitoring Officer	CLO&MO
Executive Head of Place	EHoP
Executive Head of Regeneration and Economic Development	EHoRED
Executive Head of Housing and Communities	EHoHC

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

There have been no ‘Limited’ or ‘No’ assurance opinion reports issued as part of the 2023-24 audit work.

6. Planning & Resourcing

The internal audit plan for 2023-24 was approved by the Audit and Finance Committee on 30 October 2023. The audit requirements are regularly discussed with the senior management team, and once established, proposed plan changes reported to the Audit and Finance Committee for consideration and agreement (Annex 1).

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
Corporate / Governance Reviews								
Financial Stability	CFO	✓	✓	✓				
Norse SE Governance Arrangements	EHoC	✓	✓	✓				
Norse SE Contract Management	EHoC	✓	✓	✓				
Asset Management – Lease Income	EHoC	✓	✓	✓	Jun 23	Aug 23	Reasonable	
Strategic / Service Planning and Performance Management	CX	✓	✓	✓				
Health and Safety – Contractor Management	CX	✓	✓	✓				
Information Governance - Framework	EHoIS	✓	✓	✓	Jul 23	Oct 23	Reasonable	
Information Governance – Records Management and Retention	EHoIS	✓	✓	✓				
Fraud Framework - National Fraud Initiative (NFI)	CFO	n/a	n/a	✓	n/a	n/a	n/a	
HR – Use of Agency Staff	EHoIS	✓	✓	✓				
Financial Management								
Benefits (including Council Tax Support Scheme)	EHoC	✓	✓	✓	Sep 23	Dec 23	Reasonable	
Accounts Receivable and Debt Management	CFO	✓	✓	✓				
Information Technology								
Cyber Awareness	EHoC	✓	✓	✓				
Cloud Provisioning	EHoC	✓	✓	✓				
Service / Other Reviews								

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Homelessness	EHoR&C	✓	✓	✓				
Parking and Enforcement	EHoR&C	✓	✓	✓				
Local Authority Bus Subsidy Grant	CFO	n/a	n/a	✓	n/a	Jan 24	n/a	Grant Certified

Annex 1 - Adjustments to the plan

Audit reviews added to the plan (included in rolling work programme above)	Comment
Norse SE Governance Arrangements *	Proposed to split the review at the request of the Monitoring Officer, in order to separate the day to day contract management arrangements from the overarching governance arrangements, in order to assess separately.
Norse SE Contract Management *	
Local Authority Bus Subsidy Grant *	Government grant requiring Internal Audit Certification that grant conditions have been met.

Audit reviews removed from the plan (excluded from rolling work programme)	Comment
None	

Agreed October 2022 *

Annex 2 - Assurance opinions and definitions used by SIAP prior to adoption of the CIPFA standard definitions

As from April 2020 CIPFA guidance recommends a standard set of assurance opinions and supporting definitions for internal audit service providers across the public sector.

To ensure SIAP continue to conform to the best practice principles, the standard definitions were adopted for our 2020-21 work and moving forwards.

There remain some residual reviews detailed within Section 4 of this report that refer to SIAPs former assurance ratings which are detail below.

Substantial	A sound framework of internal control is in place and operating effectively. No risks to the achievement of system objectives have been identified
Adequate	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
Limited	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
No	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.