

Internal Audit Progress Report

July 2019

Mole Valley District 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’.

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

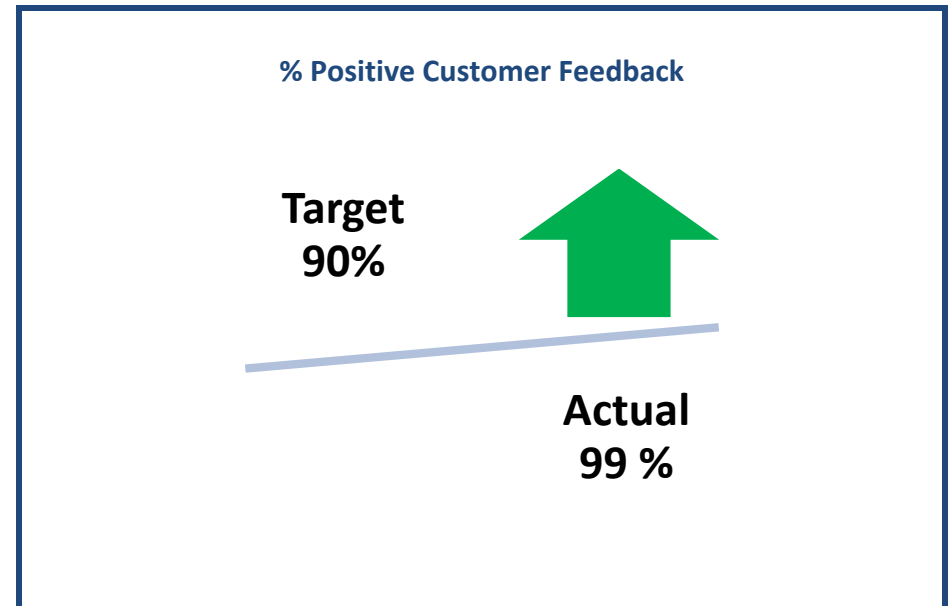
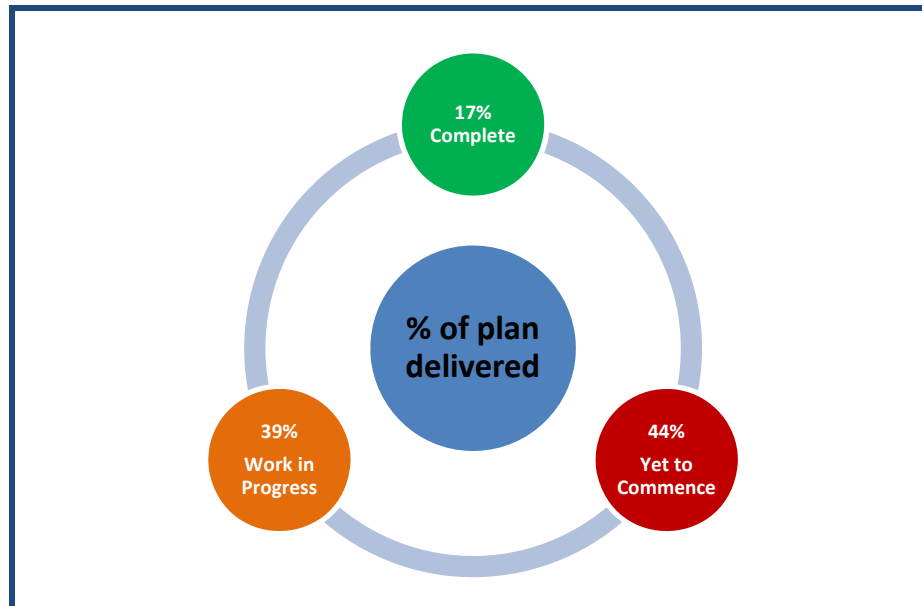
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:


- 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 framework of internal control is in place and is 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 weakness identified in the framework of internal control or the framework is ineffective or absent with significant risks to the achievement of system objectives.

3. Performance dashboard



Compliance with Public Sector Internal Audit Standards	
	<p>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:</p> <p><i>'It is our view that the Southern Internal Audit Partnership 'generally conforms' 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).</i></p> <p>In accordance with PSIAS, a further self assessment was completed in April 2019 concluding that the Southern Internal Audit Partnership continues to comply with all aspects of the IPPF, PSIAS and LGAN.</p>

4. Analysis of 'Live' audit reviews

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Management Actions					
				Total Actions Reported	Not Yet Due	Complete	Overdue		
							L	M	H
Payroll	13/06/19	HR/OD	Adequate	3	1	2	-	-	-

Audit Sponsor			
D of F / DCE	Director of Finance & Deputy Chief Executive	EHoS (C)	Executive Head of Service (Community)
EHoS (R)	Executive Head of Service (Resources)	EHoS (P&E)	Executive Head of Service (Place & Environment)
EHoS (P)	Executive Head of Service (Prosperity)	EHoS (P&P)	Executive Head of Service (People and Projects)
HR/OD	Strategic Lead for HR and OD		

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

There are no new reports published concluding a “limited” or “no” assurance opinion.

6. Planning & Resourcing

The internal audit plan for 2019-20 was approved by the Strategic Leadership Team and the Audit Committee in February 2019.

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	Audit Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
2019/20									
Corporate Cross Cutting									
Financial Sustainability	DofF/DCE	✓						✓	Moved to Q3 (from Q2) at the request of the client. Other audits brought forward in place of this review.
Working in Partnership	DofF/DCE	✓	✓	✓	✓	✓	Substantial	✓	Q1

Audit Review	Audit Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
Corporate Governance									
Human Resources & Organisational Development	HR/OD							✓	Q4
Contract Management	EHoS (P)	✓	✓	✓				✓	Q2
Annual Governance Statement	EHoS (P&P)	✓	✓					✓	Q2
Financial management									
Accounts Payable	EHoS (R)							✓	Q3
Accounts Receivable / Debt Management	EHoS (R)							✓	Q3
Treasury Management	DofF/DCE							✓	Q3
Income Collection (incl. Cash Office)	EHoS (R)	✓	✓	✓				✓	Now scheduled for Q2. Brought forward from Q3
Payroll	HR/OD	✓	✓	✓	✓	✓	Adequate	✓	

Audit Review	Audit Sponsor	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
Information Technology									
IT Governance	EHoS (R)	✓						✓	Q2
IT Business Continuity	EHoS (R)							✓	Q3
Environment									
Environmental Services	EHoS (P&E)							✓	Q3
Development Management	EHoS (P&E)							✓	Q3
Investments	EHoS (P)	✓	✓					✓	Now scheduled for Q2. Brought forward from Q3
Income Generation & Commercialisation	DofF/DCE	✓	✓					✓	Q2
Health & Leisure Facilities	EHoS (C)	✓	✓	✓	✓	✓	Substantial	✓	Q1
Community Support	EHoS (C)							✓	Q4

8. Adjustment to the Internal Audit Plan

There have been no amendments to the plan to date.