

Internal Audit Progress Report

November 2015

Southampton City Council



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

Contents:

1.	Role of Internal Audit	3
2.	Purpose of report	4
3.	Performance dashboard	5
4.	Status of 'live' reports	6 – 7
5.	Executive summaries 'Limited' and 'No' assurance opinions	8
6.	Fraud and Irregularities	8
7.	Planning and resourcing	9
8.	Rolling work programme	9 - 15

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’ in relation to internal audit are laid down in the Public Sector Internal Audit Standards 2013 [the Standards].

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

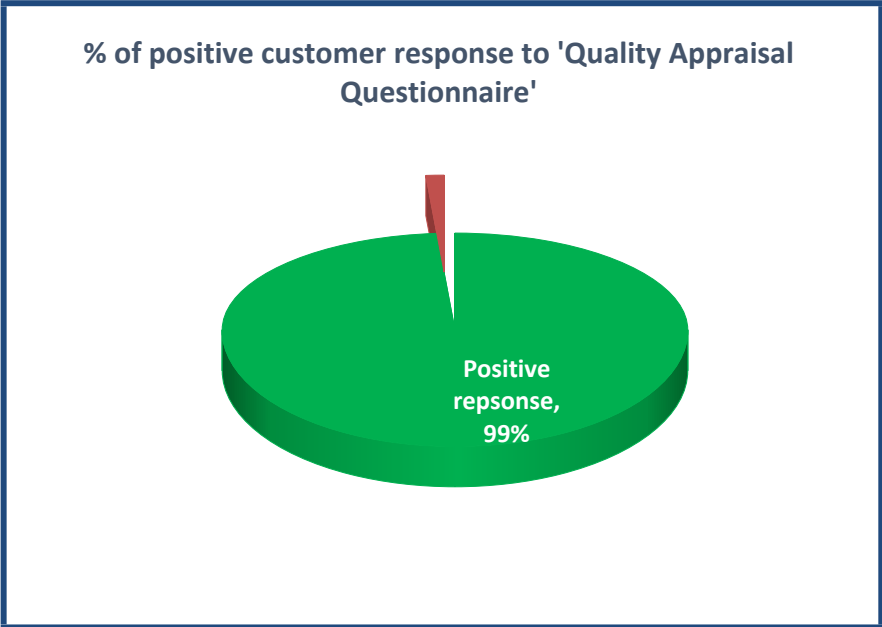
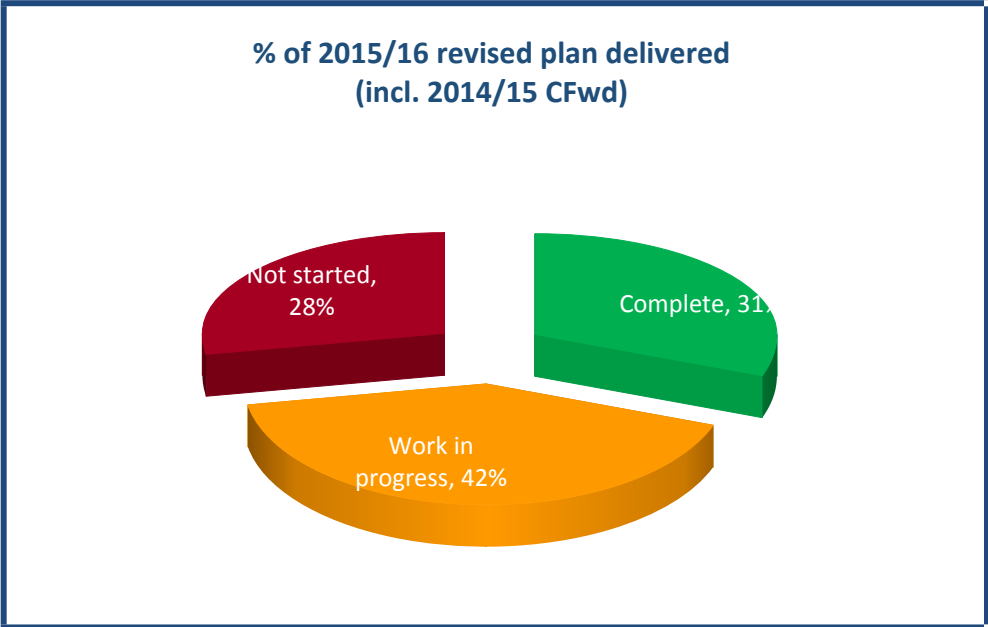
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to 'Senior Management' and 'the Board', summarising:


- 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 a 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 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

3. Performance dashboard



Compliance with Public Sector Internal Audit Standards / Local Government Application Note	
	<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' (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). This performance is within the top decile of EQA reviews we have performed. This is a notable achievement given the breadth of these Standards and the operational environment faced by the SIAP.'</i></p>

4. Status of 'Live' Reports

Audit title	Report date	Directorate Sponsor	Audit Assurance		Management Actions (of which are 'high' priority)			
			Original	Current	Reported	Pending	Cleared	Overdue
Quality Assurance	18/07/13	People	Adequate	Adequate	15 (9)	0 (0)	13 (7)	2 (2)
Payroll	04/04/14	Corporate Services	Adequate	Adequate	11 (4)	0 (0)	7 (4)	4 (0)
Income Collection and Transactions	09/05/14	Corporate Services	Adequate	Adequate	6 (0)	0 (0)	5 (0)	1 (0)
Information Governance	17/07/14	Corporate Services	Limited	Limited	21 (15)	0 (0)	16 (12)	5 (3)
Integrated Assessment–Data Performance	30/07/14	People	Adequate	Adequate	3 (3)	0 (0)	2 (2)	1 (1)
Itchen Bridge	31/07/14	Place	Adequate	Adequate	10 (5)	0 (0)	9 (5)	1 (0)
Partnership arrangements	01/08/14	Corporate Services	Adequate	Adequate	6 (0)	0 (0)	3 (0)	3 (0)
Health and Safety	22/09/14	Corporate Services	Limited	Limited	16 (14)	0 (0)	10 (8)	6 (6)
Across Schools Thematic Review (Payroll)	12/11/14	People	Limited	Adequate	9 (0)	0 (0)	8 (0)	1 (0)
Maytree Infant and Nursery School	12/11/14	People	Limited	Adequate	23 (23)	0 (0)	22 (22)	1 (1)
Client Monies Service	09/03/15	People	Limited	Adequate	30 (16)	0 (0)	27 (16)	3 (0)
Transport	15/06/15	People	Adequate	Adequate	8 (1)	0 (0)	4 (1)	4 (0)
Housing allocation policy	03/07/15	People	Adequate	Adequate	6(0)	0 (0)	1 (0)	5 (0)
Financial Assessment Process	13/07/15	People	Limited	Limited	32(22)	6 (3)	24(18)	2 (1)
Contribution and charging policies	13/07/15	People	Limited	Limited	11 (8)	0 (0)	9 (8)	2 (0)

Audit title	Report date	Directorate Sponsor	Audit Assurance		Management Actions (of which are 'high' priority)			
			Original	Current	Reported	Pending	Cleared	Overdue
Housing - stock control	30/07/15	People	No	No	44(11)	0 (0)	37 (11)	7(0)
Accounts Receivable/Debt Management	08/10/15	Corporate Services	Adequate	Adequate	8 (1)	1 (0)	7 (1)	0 (0)
Human resources - Pay and allowances	13/10/15	Corporate Services	Adequate	Adequate	4 (2)	4 (2)	0 (0)	0 (0)

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

There have been no new reviews undertaken that have concluded with a limited or no assurance opinion.

6. Fraud and Irregularities

In accordance with the Local Government Transparency Code 2014 there is a requirement on local authorities to publish the following information with regard counter fraud work:

Local Government Transparency Code 2014	01.04.15 – 15.11.15
Part 2 Requirements - Fraud	
Number of occasions powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers have been used	Nil
Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud	2 fte*
Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists	4 fte*
Total amount of time spent by the authority on the investigation and prosecution of fraud	26 days
Total number of new fraud cases investigated	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, housing benefits 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.’*

7. Planning & Resourcing

The internal audit plan for 2015/16 was approved by the Council's Management Team and the Governance Committee in April 2015.

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 title	Audit Progress					Final report issued	Audit Opinion
	TOR issued	Fieldwork commenced	Fieldwork complete	Draft report issued			
2015-16 Reviews (incl. 2014-15 Carry Forward)							
Council Tax (including council tax support)	✓	✓	✓	✓	26.05.2015	Adequate	
Income Collection and Transactions	✓	✓	✓	✓	08.10.2015	Substantial	
Accounts Receivable/Debt Management	✓	✓	✓	✓	08.10.2015	Adequate	
Treasury Management	✓	✓	✓	✓	21.07.2015	Substantial	
Bank account control and change	✓	✓	✓	✓	16.10.2015	Substantial	
Capita development days / Capita Contract Management	✓	✓	✓	✓	16.11.2015	Adequate	
Across Schools Thematic Review – Governance 14/15	✓	✓	✓	✓	19.11.2015	Limited	

Audit title	Audit Progress					Final report issued	Audit Opinion
	TOR issued	Fieldwork commenced	Fieldwork complete	Draft report issued			
Transport	✓	✓	✓	✓	15.06.2015	Adequate	
School Capital programme	✓	✓	✓	✓	01.09.2015	Adequate	
Housing - stock control	✓	✓	✓	✓	30.07.2015	No	
Housing allocation policy	✓	✓	✓	✓	03.07.2015	Adequate	
City Deal	✓	✓	✓	✓	21.07.2015	Adequate	
Better Care Fund	✓	✓	✓	✓	13.07.2015	n/a	
Financial Assessment Process	✓	✓	✓	✓	13.07.2015	Limited	
Contribution and charging policies	✓	✓	✓	✓	13.07.2015	Limited	
Delivery of statutory functions - EDT – Emergency Duty team	✓	✓	✓	✓	30.06.2015	Adequate	
Corporate Cross Cutting							
Transformation							
Business Continuity and Emergency Planning	✓	✓					
Health and Safety	✓						
Human Resources - Recruitment							

Audit title	Audit Progress					Final report issued	Audit Opinion
	TOR issued	Fieldwork commenced	Fieldwork complete	Draft report issued			
Human Resources - Pay and allowances	✓	✓	✓	✓	13.10.2015	Adequate	
Human Resources - Policies and procedures	-	✓	✓	N/A	N/A	N/A	
Human Resources - Sickness monitoring	✓	✓					
Procurement	✓	✓					
Contract Management							
Repairs and maintenance							
Strategic Service Partnership							
Fleet Management	✓						
Corporate Governance							
Annual Governance Statement (Assurance Statement)	-	✓	✓	✓	08.05.2015	Adequate	
Proactive Fraud Review(s)	-	✓					
National Fraud Initiative	-	✓					
Financial management							
Housing rents and Debt Management	✓	✓					

Audit title	Audit Progress					Final report issued	Audit Opinion
	TOR issued	Fieldwork commenced	Fieldwork complete	Draft report issued			
Income Collection and Transactions							
Accounts Payable	✓						
Financial Management (budget monitoring)	✓	✓	✓	✓			
Main Accounting System	✓						
Payroll							
IT							
Internet/e-mail							
IT governance	✓	✓					
IT disaster recovery	✓	✓	✓	✓			
Telecommunications	✓	✓					
Strategic Objectives							
Arts and Heritage							
Across Schools Thematic Review 1 – Compliance with Procurement Rules	✓	✓	✓				
Across school thematic review 2 - Payroll	✓	✓					

Audit title	Audit Progress					Final report issued	Audit Opinion
	TOR issued	Fieldwork commenced	Fieldwork complete	Draft report issued			
Establishment reviews – Holecroft	✓	✓	✓	✓			
Establishment reviews – Glenlee	✓	✓	✓	✓			
General school reviews							
Safeguarding - Protection and Court Teams (PACT)	✓	✓					
Integrated Commissioning Unit - Governance	✓	✓	✓				
SFVS - School Financial Value Standard	✓	✓	✓	✓	✓		N/A
Safeguarding (Children) Assurance mapping							
Highways							
Housing Depot Reviews							
Leisure - contract management	✓	✓					
HMO Licensing	✓	✓	✓				
Adoption	✓	✓					
Better Care Fund							
Care Act							

Audit title	Audit Progress					Final report issued	Audit Opinion
	TOR issued	Fieldwork commenced	Fieldwork complete	Draft report issued			
MARP - Multi Agency Resource Panel	✓	✓					
Families Matters governance review							
Think Local, Act Personal - (Personalisation - support planning)							
Safeguarding - Adults	✓	✓					
Continuing healthcare	✓	✓					
Contribution and charging policies							
Fostering	✓						
Health and Wellbeing Board							
Direct payments	✓	✓					
Quality assurance	✓	✓					
Families Matters grant claims	-	✓					
DOLS							
PUSH	✓	✓	✓	✓	01.06.2015	Substantial	
Bitterne Sixth Form – Capital Project	✓	✓	✓	✓	11.11.2015	N/A	

Audit title	Audit Progress						Audit Opinion
	TOR issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued		
Public Health	✓	✓					