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**Southern Internal  
Audit Partnership**

Assurance through excellence  
and innovation

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**SPELTHORNE BOROUGH COUNCIL  
INTERNAL AUDIT PROGRESS REPORT – DECEMBER 2024**

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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

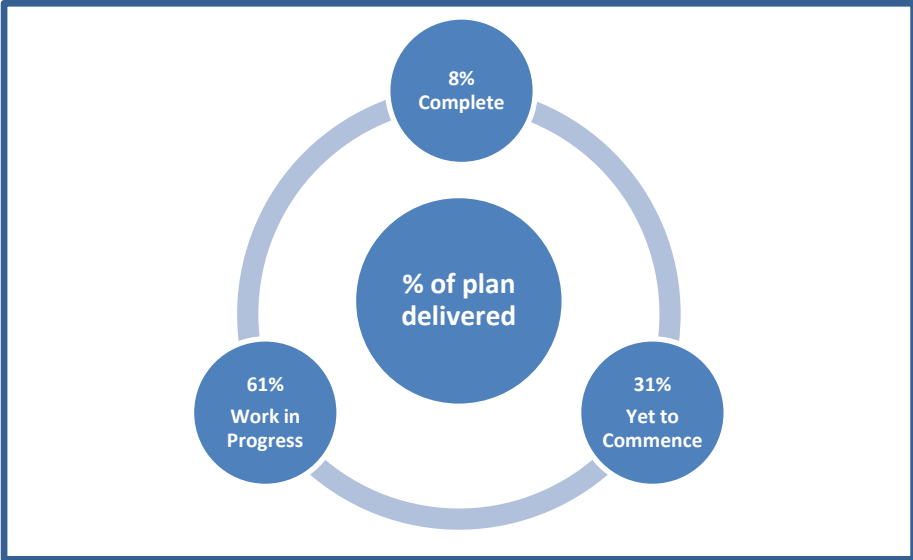
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- 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 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



**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 – Pre SIAP	Report Date	Audit Sponsor	Assurance Opinion	Recommendations			Not Yet Due	Complete	Overdue		
				L	M	H			L	M	H
Communications	Jun 23	CE	Substantial	1					1		
Gifts and Hospitality	Jan 24	CE	Reasonable	6	2			7	1		
Disaster Recovery	Apr 24	DCE	Limited	4	3			3	1	3	
Payroll	Jun 24	DCE	Substantial	3				2	1		
Creditors	Jul 24	DCE/S151	Reasonable		4			2		2	
Commercial Assets	Jul 24	DCE/S151	Reasonable		3		1	2			
<b>Totals</b>				<b>14</b>	<b>12</b>	<b>0</b>	<b>1</b>	<b>16</b>	<b>4</b>	<b>5</b>	<b>0</b>

Audit Review - SIAP	Report Date	Audit Sponsor	Assurance Opinion	Management Action(s)	Not Yet Due	Complete	Overdue		
							L	M	H

**Audit Sponsor**

<b>Chief Executive (CE)</b> Daniel Mouawad	
<b>Deputy Chief Executive &amp; S151 (DCE/S151)</b> Terry Collier	<b>Deputy Chief Executive (DCE)</b> Lee O’Neil

## 5. Executive Summaries of reports published concluding a 'Limited' or 'No' assurance opinion

There have been no reports produced concluding in a limited or no assurance opinion since the last progress report.

## 6. Planning & Resourcing

The internal audit plan for 2024-25 was approved by the Management Team (MAT) and Audit Committee in July 2024.

Due to the Best Value Inspection, the internal audit plan was more heavily weighted to Q3 and Q4 in acknowledgement of officer capacity and the avoidance of potential areas of duplication during this period.

Correspondence received by the Council on 22 August 2024 from the Ministry of Housing Communities & Local Government (MHCLG) indicated the anticipated completion date of the Best Value Inspection to be 29 November 2024. However, the Council has since been advised that the Inspection will continue until the end of January 2025 where the inspectors will then feedback to the MHCLG and a report will follow.

The absence of a fully resourced inspection team not being in place until 17 October 2024 is understood to be the primary driver for the delayed completion date.

We have continued to work with management to maintain a level of flexibility in our approach to deliver the internal audit plan over the remainder of the year. In doing so, some reviews require deferral, however, assuming no further deferrals are made to the plan, there remains sufficient assurance work to enable the Chief Internal Auditor to provide their annual opinion on the council's framework of governance, risk and control.

Section 8 lists the adjustments to the plan to date.

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
Risk Management	DCE							Q4 – scoping meeting scheduled for 20/1/25.
Contract Management	DCE/S151							Q4 – scoping meeting scheduled for 5/2/25.
Procurement	CE	✓						Q3 ⇒ Q4
Accounts Receivable & Debt Management	DCE/S151							Q4 – scoping meeting scheduled for 22/1/25.
Reinforced Autoclaved Aerated Concrete	DCE/S151	✓	✓	✓				Q3
Commercial Waste (SDS)	DCE	✓	✓	✓				Q3 – Close of audit held, report pending.
Building Control	DCE	✓	✓	✓	✓			Q2 ⇒ Q3. Draft report issued 24/12/24.
CIPFA Financial Management Code and Best Value Indicators for Use of Resources	DCE/S151	✓	✓	✓	✓			Q2 – Draft final report issued, awaiting MAT sign off.
Savings Realisation	DCE/S151	✓						Q4
Tree Maintenance	DCE	✓	✓	✓				Q2 – Close of audit held, report pending.
ITIL Assurance Mapping	DCE	✓	✓	✓	✓	✓	n/a	Q2
Data Backup and Disaster Recovery	DCE							Q4

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Equality, Diversity & Inclusivity	DCE	✓	✓	✓				Q3 – Close of audit held, report pending.

## 8. Adjustments to the internal audit plan

The following adjustments to the plan have been made:

Removed from the Plan	Reason
Cyber Security – Training and Awareness	Following the ITIL Assurance Mapping review, a review of Data Backup and Disaster Recovery has been assessed as higher priority.  Please see section 6 of the report for details.
Corporate Plan	
Council Tax	
Health and Safety	
Affordable Housing / Homelessness	
Best Value – Post Inspection	
Additions to the Plan	Reason
Data Backup and Disaster Recovery	Following the ITIL Assurance Mapping review, a review of Data Backup and Disaster Recovery has been identified.



## Overdue 'Medium and Low' Recommendations

Audit Review	Report Date	Opinion	Priority		Due Date	Revised Due Date
			Medium	Low		
Communications	Jun 23	Substantial		1	30.11.24	31.03.25
Payroll	Jun 24	Substantial		1	31.12.24	31.03.25
Disaster Recovery	Apr 24	Limited	1		31.07.24	31.03.25
			1		31.08.24	31.03.25
				1	30.06.24	31.01.25
			1		30.09.24	31.03.25
Creditors	Jul 24	Reasonable	1		30.11.24	30.04.25
	Jul 24	Reasonable	1		30.11.24	30.04.25
Gifts and Hospitality	Jan 24	Reasonable		1	30.11.24	31.12.24
Total			5	4		