
Southern Internal Audit Partnership

Assurance through excellence
and innovation

SPELTHORNE BOROUGH COUNCIL INTERNAL AUDIT PROGRESS REPORT

Prepared by: **Natalie Jerams, Deputy Head of Partnership**

April 2025

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

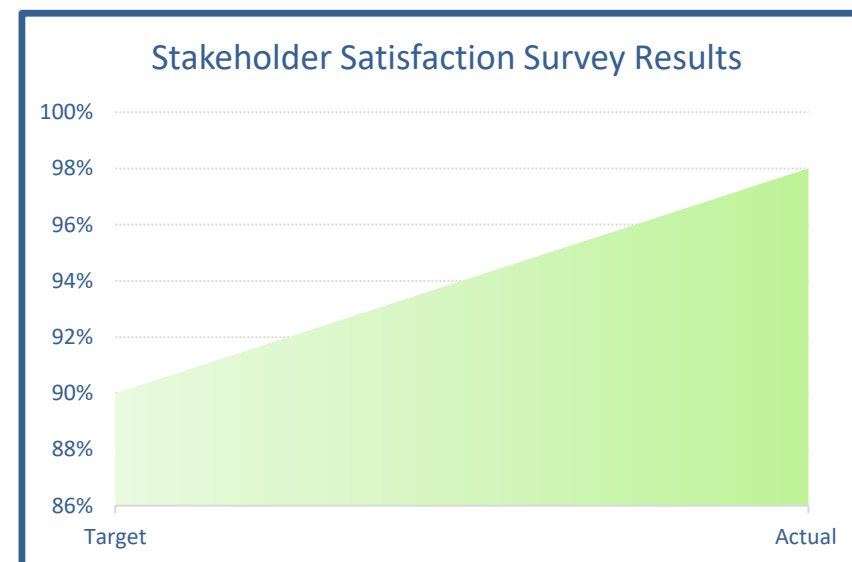
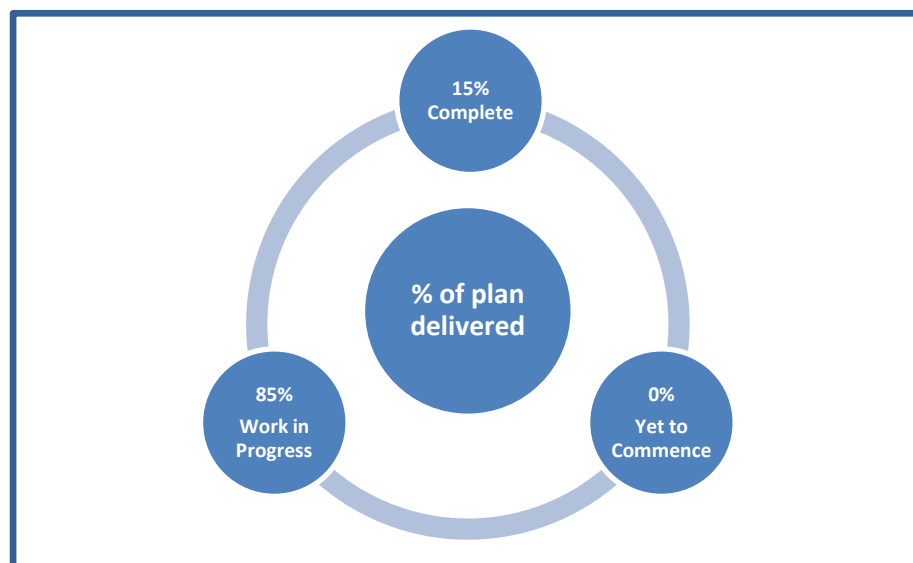
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to 'Senior Management' and 'the Board', summarising:

- 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

This section reflects the status of management actions as at 31 March 2025.

Audit Review – Pre SIAP	Report Date	Audit Sponsor	Assurance Opinion	Recommendations			Not Yet Due	Complete	Overdue		
				L	M	H			L	M	H
Disaster Recovery	Apr 24	DCE	Limited	4	3			5		2	
Commercial Assets	Jul 24	DCE/S151	Reasonable		3		1	2			
Totals				4	6	0	1	7	0	2	0

Audit Review - SIAP	Report Date	Audit Sponsor	Assurance Opinion	Total Management Action(s) *	Not Yet Due	Complete	Overdue		
							L	M	H
Building Control	27.01.25	DCE	Limited	11(6)	0(0)	8(4)		1	2
Total				11(6)	0(0)	8(4)		1	2

*Total number of management actions (total number of high priority actions)

Audit Sponsor	
Chief Executive (CE) Daniel Mouawad	
Deputy Chief Executive & S151 (DCE/S151) Terry Collier	Deputy Chief Executive (DCE) Lee O'Neil

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

There has been one new report produced concluding in a limited or no assurance opinion since the last progress report.

Building Control			
Audit Sponsor	Assurance opinion	Management Actions	
Deputy Chief Executive	Limited	<div>Low 0</div>	<div>Medium 5</div> <div>High 6</div>
<p>Summary of key observations:</p> <p>The purpose of this audit was to review the preparedness and compliance with the new building control regulations. The review focussed on the arrangements in place to ensure that the deliverables of the KPI's were clearly embedded, with monitoring and reporting available in compliance with the regulations.</p> <p>From April 2025, in line with the new legislation, there is a requirement to report to the Building Safety Regulator (BSR) on the new reportable elements of the KPIs. This audit has identified that there are a number of KPIs that the Council is currently unable to report on due to insufficient reporting options from the case management system or the data is not currently available. The Council is therefore unable to fully demonstrate compliance of the regulations to the BSR.</p>			

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 was then advised that the Inspection would continue until the end of January 2025 where the inspectors would 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.

The Best Value Inspection has now concluded with the Council receiving a letter from the Minister on 17 March 2025 outlining the next steps for the authority. We have been advised that the Council made a response to the Minister on 28 March and is now awaiting the Minister to confirm the next actions and whether Commissioners are to be appointed.

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 - Close of audit scheduled for 30/4/2025.
Contract Management	DCE/S151	✓	✓					Q4
Procurement	CE	✓	✓	✓				Q3 ⇒ Q4 – Close of audit scheduled for 30/4/2025.
Accounts Receivable & Debt Management	DCE/S151	✓	✓					Q4
Reinforced Autoclaved Aerated Concrete	DCE/S151	✓	✓	✓				Q3 -Close of audit TBC
Commercial Waste (SDS)	DCE	✓	✓	✓				Q3 – Close of audit held, report pending.
Building Control	DCE	✓	✓	✓	✓	✓	Limited	Q2 ⇒ Q3.
CIPFA Financial Management Code and Best Value Indicators for Use of Resources	DCE/S151	✓	✓	✓	✓			Q2
Savings Realisation	DCE/S151	✓	✓	✓				Q4
Tree Maintenance	DCE	✓	✓	✓	✓			Q2 – Draft report issued 11/4/2025.
ITIL Assurance Mapping	DCE	✓	✓	✓	✓	✓	n/a	Q2
Data Backup and Disaster Recovery	DCE	✓						Q4
Equality, Diversity & Inclusivity	DCE	✓	✓	✓	✓			Q3 – Draft report issued 11/4/2025.

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 'High Priority' Management Actions

Building Control – Limited Assurance			
<p>Observation: The Building Safety Regulator - Operational Standards Rules monitoring arrangements sets out in KPI 1 - Building Control Functions, what they require for quarterly reportable data. Testing found that currently there are no reports that can be run to extract this information out of the IDOX Uniform system. BSR have also not yet advised the Council how they wish to receive this information, and therefore this presents further uncertainty and potential delays in preparations for the new regulations.</p>			
Management Action	Original Due Date	Revised Due Date	Latest Service Update
Revise processes and procedures (and ensure staff training takes place) to ensure that all the relevant fields are filled in to enable data to be extracted.	28.2.25	30.6.25	<p>April 2025 - Utilising Local Authority Building Control's (LABC) QMS system of flowchart and guidance for dealing with all building control matters.</p> <p>In the process of setting up IDOX training for the team to make sure relevant fields are being filled in. Flowcharts etc submitted as part of the Building Safety Regulators external audit in second half of February 2025.</p>
<p>Observation: Quarterly and annual reportable data to the Building Safety Regulator (BSR) is not currently in place due to a combination of both the IDOX Uniform system and the BSR not having yet released the portal for local authorities to upload their data for submission. The IDOX Uniform System at the time of the audit is not set up for the Building Control Team to be able to run the reports that are required in order to be able to report on the data and information that the BSR will require from April 2025. This consequently impacts compliance across a range of the KPI's that were reviewed as part of the audit testing.</p> <p>For KPI 5, the Council is unable to provide the required elements of having a Quality Management Scheme in place, although this is currently with the LABC to confirm next steps in supporting this compliance area.</p>			
Management Action	Original Due Date	Revised Due Date	Latest Service Update
Obtain confirmation from LABC that we are signed up to their Quality Management Scheme (QMS). Made a request in November 2024.	28.2.25	30.06.25	<p>April 2025 - This is still outstanding. Discussions are ongoing. Understand that LABC may need to undertake an audit before they will allow us to sign up to their QMS.</p>

Annex 2

Overdue 'Medium and Low' Recommendations

Audit Review – Pre SIAP	Report Date	Opinion	Priority		Due Date	Revised Due Date
			Medium	Low		
Disaster Recovery	Apr 2024	Limited	1		31.07.24	31.3.25 30.04.25
			1		31.08.24	31.03.25 TBC
Total			2	0		

Overdue 'Medium and Low' Management Actions

Audit Review	Report Date	Opinion	Priority	Due Date	Revised Due Date
Building Control	27.01.2025	Limited	Medium	28.02.2025	31.05.2025