



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

CRAWLEY BOROUGH COUNCIL

INTERNAL AUDIT PROGRESS REPORT February 2023

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February 2023

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:

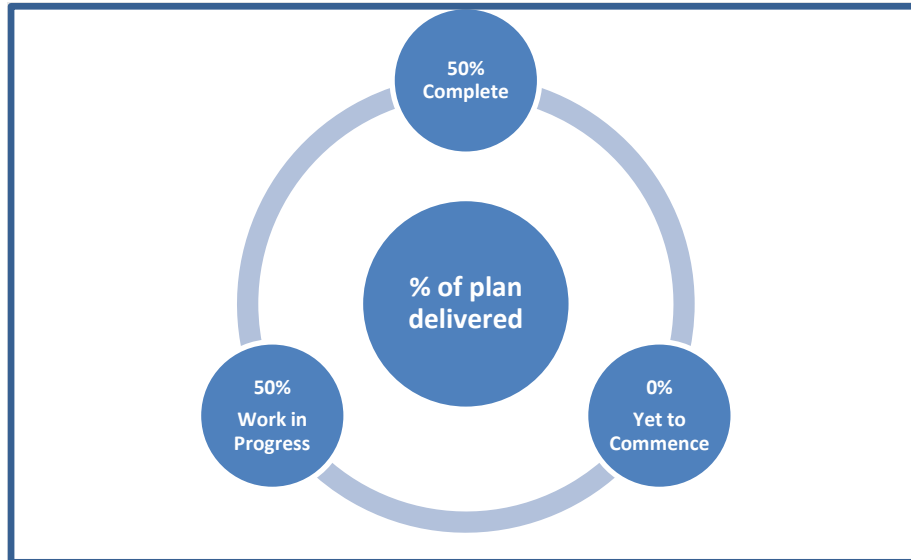
- The status of ‘live’ internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor’s annual opinion.

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. The assurance opinions are categorised as follows:

Substantial	<i>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</i>
Reasonable	<i>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.</i>
Limited	<i>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.</i>
No	<i>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.</i>

* Some reports listed within this progress report (pre 2022-23 audit plan) refer to categorisations previously adopted by the Council. Opinions applied to all work from 2022/23 are in accordance with 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 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 Accepted	Not Yet Due	Complete	Overdue		
								L	M	H
2021/22										
Health and Safety	15.06.2022	HofGP&P	Limited	7 (2)	0	0 (0)	5 (2)		2	
Car Parking (Staff Permits) Follow Up	28.06.2022	HofComS	N/A	3 (3)	0	1 (1)	2 (2)			1
2022/23										
Houses in Multiple Occupation	23.12.2022	HofSS	Reasonable	3 (3)	0	3 (3)	0			
Payroll	19.01.2023	HofCF	Reasonable	3 (0)	1 (0)	1 (0)	2 (0)			
Air Quality Management	07.02.2023	HofCoS	Reasonable	3 (0)	0	3 (0)	0 (0)			
Housing Benefits	14.02.2023	HofCF	Reasonable	3 (0)	0	2 (0)	1 (0)			
Total								0	2	1

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

Audit Sponsor

HofCF	Head of Corporate Finance	HofD&T	Head of Digital and Transformation
HofE&P	Head of Economy and Planning	HofComS	Head of Commercial Services
HofCoS	Head of Community Services	HofGP&P	Head of Governance, People and Performance
HofCH	Head of Crawley Homes	HofSS	Head of Strategic Housing

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

There have been no reports published concluding a "Limited" or "No" assurance opinion to date for 2022/23.

6. Planning & Resourcing

The internal audit plan for 2022-23 was presented to the Corporate Management Team (CMT) and the Audit Committee in March 2022.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. One further audit has been removed from the Plan since our last progress report to Committee in November 2022. This is shown in the table in section 8.

We are satisfied that the revised audit plan for the year remains robust and sufficient to enable an annual assurance statement to be provided.

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
Governance								
Contract Management	HofCF	✓						
Fraud Framework	HofCF	✓	✓	✓	✓	✓	Reasonable	
Decision Making and Accountability	HofGP&P	✓	✓	✓	✓	✓	Substantial	
Health and Safety – Driver Safety Checks	HofGP&P	✓	✓	✓				
Recruitment & Selection, Leavers and Retention	HofGP&P	✓	✓	✓	✓			
IT								
Cyber Security	HofD&T	✓	✓	✓				
Core Financial								
Housing Benefits	HofCF	✓	✓	✓	✓	✓	Reasonable	
Payroll	HofCF	✓	✓	✓	✓	✓	Reasonable	
Delivering value for money and modernising the way we work								
Financial Resilience	HofCF	✓	✓	✓	✓	✓	Reasonable	
Transformation - Governance	HofD&T	✓	✓	✓	✓	✓	Substantial	
Delivering affordable homes for Crawley and reducing homelessness								

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Housing Allocations	HofSS	✓	✓	✓	✓	✓	Substantial	
Compliance - Electrical	HofCH	✓	✓	✓				
Compliance - Fire Safety	HofCH	✓	✓	✓				
Compliance - Gas Safety Checks	HofCH	✓	✓	✓	✓			
HMO's/Enforcement	HofSS	✓	✓	✓	✓	✓	Reasonable	
Protecting the Environment								
District Heat Network	HofComS	✓						
Environmental Health - Pollution	HofCoS	✓	✓	✓	✓	✓	Reasonable	
Improving job opportunities and developing the local economy								
Towns Fund	HofCF	✓	✓	✓				
Crawley Growth Programme	HofE&P	✓	✓					
Providing high quality leisure and culture facilities and supporting health and wellbeing services								
Parks and Open Spaces	HofCoS	✓	✓	✓				
Play Service	HofCoS	✓	✓	✓	✓	✓	Reasonable	
Leisure Contracts (The Hawth)	HofComS	✓	✓	✓	✓	✓	Substantial	
Leisure Contracts (K2)	HofComS	✓	✓	✓	✓	✓	Substantial	
Creating stronger communities								
Taxi and Private Hire Licenses	HofComS	✓	✓					

8. Adjustments to the Internal Audit Plan

The following adjustments to the plan have been made:

Plan Variations	
Audit Review	Reason
Flexi time Policy	No longer considered a priority area for review. Time better utilised in 2023/24 for coverage of wider flexible/hybrid working arrangements post move into new Town Hall.
Water Neutrality	Delays in production of the overall Strategy due to complexities in multi agency involvement.
Sustainability	More timely for 2023/24
IT Asset Management	More timely for 2023/24 post move into new Town Hall
Community Facilities – Regulatory Compliance	Capacity issues within the service area. Rescheduled for 23/24 (Q2)
Compliance - Asbestos	Capacity issues within the service area. Rescheduled for 23/24 (Q1)
Health and Safety – New Town Hall	Capacity issues within the service area. Rescheduled for 23/24 (Q1)

Overdue 'High Priority' Management Actions

Audit Review	Report Date	Opinion	Priority	Due Date	Revised Due Date
Car parking (Staff Permits) Follow Up	26.06.2022	Reasonable	High	31.10.2022	30.06.2023

Annexe 2

Overdue 'Low & Medium Priority' Management Actions (July 2022)

Audit Review	Report Date	Opinion	Priority	Due Date	Revised Due Date
Health and Safety	15.06.2022	Reasonable	Medium	31.08.2022	31.03.2023
			Medium	30.09.2022	31.03.2023

Crawley Borough Council Assurance Opinions (Pre 2022/23)

- Substantial** *There is a sound system of internal control designed to achieve the system objectives. Compliance with the control process is considered to be of a high standard and few or no material errors or weaknesses were found.*
- Satisfactory** *Whilst there is a basically sound system of internal control designed, there are weaknesses, which put some of the system objectives at risk, and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.*
- Limited** *Weaknesses in the design of the system of internal controls are such as to put the system objectives at risk, and/or the level of non-compliance with some of the controls puts the system objectives at risk.*
- No** *Control design is generally weak leaving the system open to significant error or abuse, and/or significant non-compliance with basic controls leaves the system open to error or abuse.*