
Southern Internal Audit Partnership

Assurance through excellence
and innovation

CRAWLEY BOROUGH COUNCIL

INTERNAL AUDIT PROGRESS REPORT July 2023

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August 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:

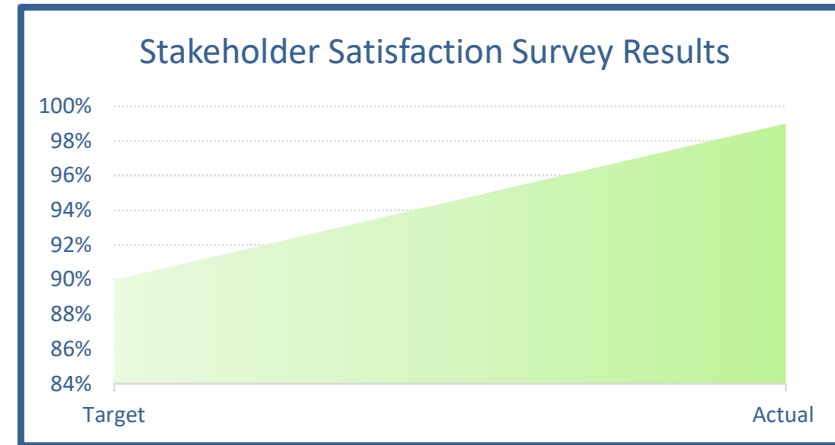
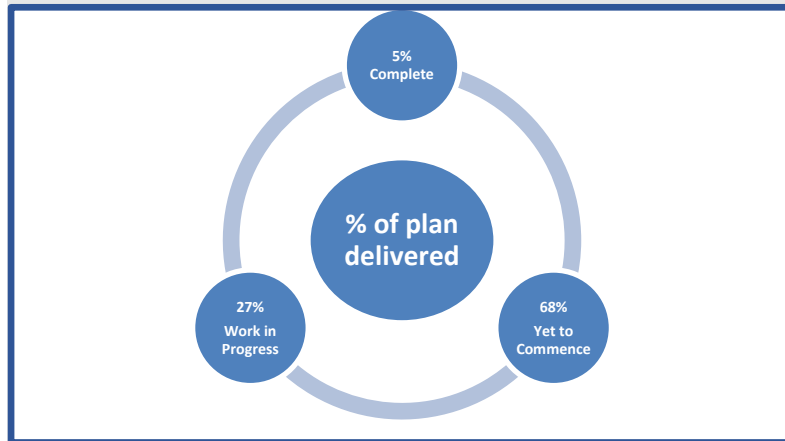
- The status of ‘live’ internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor’s annual opinion.

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, reference is provided at Annex 3.

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 Yet Due	Complete	Overdue		
							L	M	H
2021/22 Reviews									
Health and Safety	15.06.2022	HofGP&P	Limited	7 (2)	0 (0)	5 (2)		2	
2022/23 Reviews									
Houses in Multiple Occupation	23.12.2022	HofSS	Reasonable	3 (3)		3 (3)			
Payroll	19.01.2023	HofCF	Reasonable	3 (0)	1 (0)	2 (0)			
Air Quality Management	07.02.2023	HofCoS	Reasonable	3 (0)	3 (0)	2 (0)		1	
Recruitment, Retention and Leavers Processing and Monitoring	08.03.2023	HofGP&P	Reasonable	6 (4)	0 (0)	0		2	4
Compliance – Gas Safety Audit (Housing Stock)	08.03.2023	HofCH	Reasonable	13 (7)	0	9 (5)		3	1
Crawley Growth Programme	11.05.2023	HofE&P	Reasonable	3 (0)	2	1			
Health and Safety – Driver Safety Training	13.04.2023	Hof GP&P	Limited	12 (4)	12 (4)	0			
Taxi and Private Hire Licensing – New Driver Applications	20.06.2023	HofCoS	Limited	7 (4)	0 (0)	5(3)	1		1
2023/24 Reviews									
Total							1	8	6

*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

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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 2023/24.

6. Planning & Resourcing

The internal audit plan for 2023-24 was presented to the Corporate Management Team (CMT) and the Audit Committee in March 2023.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. A number of changes have been made to the plan and these are 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
2022/23 Reviews								
Contract Management	HofCF	✓	✓	✓	✓			
2023/24 Reviews								
Governance								
Procurement	HofCF							Q3
Corporate Complaints	HofGP&P	✓	✓	✓	✓	✓	Reasonable	
Information Governance	HofGP&P							Q4
IT								
Cyber Security	HofD&T							Q4
IT Asset management	HofD&T	✓	✓	✓				
Core Financial								
Main Accounting	HofCF							Q3
Housing Rents	HofCH							Q4
Delivering value for money and modernising the way we work								
Commercial Properties	HofCF							Q4
Delivering affordable homes for Crawley and reducing homelessness								
Homelessness	HofSS							Q3
Statutory Checks - Asbestos	HofCH							Q4
Statutory Checks – Fire Safety	HofCH							Q3
Statutory Checks - Electrical	HofCH	✓	✓	✓				
Responsive Repairs	HofCH	✓	✓					
Protecting the Environment								
Water Neutrality Strategy	HofE&P	✓	✓	✓				
Climate Action Plan	HofE&P							Q4
Providing high quality leisure and culture facilities and supporting health and wellbeing services								
Parks and Open Spaces	HofCoS							Q3

Audit Review	Sponsor	Scoping	Terms of Reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Community Facilities – Regulatory Compliance	HofComS	✓	✓					
Creating stronger communities								
Community Safety and Enforcement	HofCoS HofCH							Q3
Other								
Parking (and Enforcement)	HofCoS							Q4
Environmental Health – Port Health	HofCoS							Q2
Development Management - CIL	HofE&P							Q4

8. Adjustments to the Internal Audit Plan

The following adjustments to the plan have been made:

Plan Variations	
Removed from the Plan	Reason
Statutory Checks - Lifts	External sources of assurance obtained. No requirement for additional internal audit review.
Statutory Checks – Water Safety	Deferred until 2024/25 to allow for all data to be migrated into the Council’s system.
Health and Safety – New Town Hall	Not a priority area for 2023/24. All policies and procedures as reviewed in 2021/22 are substantially the same following the move into the new Town Hall. All emergency equipment installed is new and under guarantee.
Towns Fund	Deferred until 2024/25. Full audit in 2022/23 and no new significant projects will be at a stage during 2023/24 that an audit would add value
Crawley Growth Programme	Deferred until 2024/25. Full audit in 2022/23 and no new significant projects will be at a stage during 2023/24 that an audit would add value
PCI	No progress towards compliance, revisit the requirement for review in 2024/25

Added to the Plan	Reason
Compliance Checks – Fire Safety	Cancellation from 2022/23
Compliance Checks – Electrical Safety	Cancellation from 2022/23
Parks and Open Spaces – Tilgate Park	Cancellation from 2022/23

Annexe 1

Overdue 'High Priority' Management Actions

Recruitment, Retention and Leavers Processing and Monitoring – Partial Assurance			
<p>Observation: Although guidance for managers relating to recruitment and leavers processing is available on the intranet, they are not comprehensive and recruitment responsibilities are not always clear, resulting in the Recruitment & HR Information Officer having to guide recruiting managers on their responsibilities. A review of the current guidance would be beneficial to ensure that they are sufficient, clear and avoid any ambiguity around responsibilities.</p>			
Management Action	Original Due Date	Revised Due Date	Latest Service Update
Take a proposed corporate approach around recruiting manager responsibilities to CMT	30.04.2023	31.10.2023	<p>01/08/2023 a paper was presented to CMT for discussion on Recruitment and Retention as it is identified as a corporate strategic risk. A further paper to CMT by the end of October 23 will cover off the actions identified in Observations 2,3,4,5.</p> <p>So the completion dates for these actions need to be put back. This is mainly down to capacity issues across the division, unexpected projects and delays with developing the HR systems project.</p>

Recruitment, Retention and Leavers Processing and Monitoring – Partial Assurance

Observation:

There is an online job advert template with guidance notes for completion by recruiting managers. From our sample of nine job adverts reviewed we identified a number of inconsistencies and non compliance with the guidance notes.

Job adverts are submitted to HR via the online recruitment system for processing and advertising. HR undertake some checks before adverts are posted however it is not clear what responsibility HR has for ensuring the quality of adverts.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
Take a proposed corporate approach around development of job adverts to CMT	30.04.2023	31.10.2023	01/08/2023 a paper was presented to CMT for discussion on Recruitment and Retention as it is identified as a corporate strategic risk. A further paper to CMT by the end of October 23 will cover off the actions identified in Observations 2,3,4,5. So the completion dates for these actions need to be put back. This is mainly down to capacity issues across the division, unexpected projects and delays with developing the HR systems project.

Recruitment, Retention and Leavers Processing and Monitoring – Partial Assurance

Observation:

Start dates for new recruits are agreed once all pre-employment checks have been satisfactorily completed. One applicant in the audit sample had started employment without receiving at least one reference. There are instances where an urgent start date may be required before all necessary checks have been completed.

In instances such as these there is no process in place to undertake a risk assessment that would identify the risks and any safeguards that may need to be put in place to protect the Council.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
Take a proposed corporate approach around pre-employment check requirements to CMT	30.04.2023	31.10.2023	01/08/2023 a paper was presented to CMT for discussion on Recruitment and Retention as it is identified as a corporate strategic risk. A further paper to CMT by the end of October 23 will cover off the actions identified in Observations 2,3,4,5. So the completion dates for these actions need to be put back. This is mainly down to capacity issues across the division, unexpected projects and delays with developing the HR systems project.

Recruitment, Retention and Leavers Processing and Monitoring – Partial Assurance

Observation:

The shortlisting of candidates to be selected for interview is undertaken by the recruiting manager. The review of applications and shortlisting is completed manually and only the decision to invite applicants for interview or reject them is recorded on the recruitment system. Evidence of the shortlisting process is not retained on the HR system or in HR's records and audit testing was therefore not able to evidence shortlisting had been based on the advertised criteria.

Following the interview, the interview panel are required to send the interview notes and assessments to HR for retention. This part of the process is manual. Audit testing identified HR had received interview documentation for two out of a sample of ten.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
Take a proposed corporate approach around shortlisting and interviewing record requirements to CMT.	30.04.2023	31.10.2023	01/08/2023 a paper was presented to CMT for discussion on Recruitment and Retention as it is identified as a corporate strategic risk. A further paper to CMT by the end of October 23 will cover off the actions identified in Observations 2,3,4,5. So the completion dates for these actions need to be put back. This is mainly down to capacity issues across the division, unexpected projects and delays with developing the HR systems project.

Compliance – Gas Safety Audit (Housing Stock) Assurance**Observation:**

The Council has a contractual arrangement with a third party to undertake gas safety checks and included in the terms of the contract is an agreement to comply with Data Protection legislation between the parties. The Council shares gas safety data with the contractor which includes information relating to individuals residing in council owned properties. The contract states that "Notwithstanding this clause 30, in the event that the Service Provider is reasonably expected to be acting as a Data Processor it shall enter into a data sharing agreement with the Client". We requested a copy of the Data Sharing Agreement between the two parties however we were informed that the Council was not able to locate the Data Sharing Agreement that was in place. Without reference to the Data Sharing Agreement the Council cannot define what is the parties' roles and the purpose of the data sharing and what is going to happen to the data.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
If there is no DSA present in the strong room, we will draft and issue a DSA between the Client and the Service Provider.	28.04.2023	29.09.2023	Work in progress. New DSA being drafted.

Taxi and Private Hire Licensing – New Driver Applications– Partial Assurance

Observation:

Discussions with the TLPHS&LS and the TSO highlighted the fact that there are currently no written internal procedure notes on the new process in place. The TLPHS&LS explained that the process is constantly changing, but that it would be possible to write procedure notes on the basic process.

The TSO added that the paper front sheet they use for each of the applications acts as a form of procedure note as it contains a checklist. Uniform also contains a checklist. The checklists do not contain information on how to perform the checks though, other than in the case of the English Language Standard check, as the front sheet contains guidance on what qualifications to check.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
Now that the procedure has been fully tested, a documented process will be produced, including a flow chart.	01.08.2023	01.10.2023	Revisions have been made to the New Applicant Guidance Notes but procedure notes have been delayed due to staff annual leave, Jury Service and staff sickness. Systems continue to be tested and check sheets/draft procedures developed.

Annexe 2

Overdue 'Low & Medium Priority' Management Actions (July 2023)

Audit Review	Report Date	Opinion	Priority	Due Date	Revised Due Date
Health and Safety	15.06.2022	Reasonable	Medium	31.08.2022	31.12.2023
			Medium	30.09.2022	31.12.2023
Air Quality management	07.02.2023	Reasonable	Medium	01.07.2023	31.03.2024
Recruitment, Retention and Leavers Processing and Monitoring	08.03.2023	Reasonable	Medium	30.09.2023	31.10.2023
			Medium	30.05.2023	31.10.2023
Compliance – Gas Safety Audit (Housing Stock)	08.03.2023	Reasonable	Medium	31.03.2023	01.12.2023
			Medium	28.04.2023	29.09.2023
			Medium	31.03.2023	31.12.2023
Taxis and Private Hire Licensing – New Driver Applications	20.06.2023	Limited	Low	01.08.2023	01.10.2023

Annexe 3

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.*