

Runnymede Borough Council

Internal Audit Annual Assurance Report

20 September 2022 – Standards and Audit Committee

2021/22

September 2022

Internal Audit Annual Report

Introduction

This is the 2021/22 Annual Report by TIAA on the internal control environment at Runnymede Borough Council. The annual internal audit report summarises the outcomes of the reviews we have carried out on the organisation's framework of governance, risk management and control. This report is designed to assist the Council in making its annual governance statement.

Limitations on our opinion arising from Covid-19

The impact of COVID-19 on all public sector services has been significant including changes to ways of working, reprioritising services, redeploying staff and stretching capacity; the impact has been present throughout the whole of 2021/22 in varying degrees.

For internal audit, it has raised the question of whether they have been able to undertake sufficient internal audit work to gain assurance during 2021/22. This is a key consideration to fulfil the requirement of the Public Sector Internal Audit Standards (PSIAS) for the Head of Internal Audit (HIA) when issuing their annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This opinion is in turn one of the sources of assurance that the organisation relies on for its Annual Governance Statement. Factors that need to be taken in to account in reaching a conclusion include:

- Has any reduction in coverage compared to what was planned resulted in insufficient assurance work?
- Have any limitations in the scope of individual assignments resulted in it only being possible to place partial assurance on the outcome?
- Have changes in ways of working led to gaps in the governance, risk management and control arrangements?

TIAA understands the considerable challenges and the difficult decisions that organisations are having to deal with, however, the professional and regulatory expectations on public bodies to ensure that their internal audit arrangements conform with PSIAS have not changed. In this difficult situation, heads of internal audit will need to consider whether they can still issue the annual opinion or whether there will need to be a limitation of scope.

A limitation of scope arises where the HIA is unable to draw on sufficient assurance to issue a complete annual opinion in accordance with the professional standards. This is an issue not only for the HIA but also for the leadership team and the Standards and Audit Committee who normally rely on that opinion. It may also have wider consequences for stakeholder assessments of the organisation.

What this means for Runnymede Borough Council

No impact on the delivery of planned work

There has been minimal or no impact on the delivery of the internal audit work for 2020/21 as a result of the COVID-19 pandemic. Whilst there was an impact on delivery of the work in the early part of the year during the initial lockdown, we are able to deliver the majority of planned work to enable an opinion to be made. There have been no changes to the planned work as a result of COVID-19; any changes to the plan were based on purely on business/operational need and have been reported to the Standards and Audit Committee.

HEAD OF INTERNAL AUDIT'S ANNUAL OPINION

I am satisfied that sufficient internal audit work has been undertaken to allow me to draw a positive conclusion as to the adequacy and effectiveness of Runnymede Borough Council's risk management, control and governance processes. In my opinion, Runnymede Borough Council has adequate and effective management, control and governance processes in place to manage the achievement of their objectives.

Our opinion is based solely upon the work TIAA have undertaken. It must be noted that the External Auditor has not yet signed off the accounts at Runnymede BC for the years 2019/20 and 2020/21 and as such this may present a risk to the control framework at Runnymede.

Internal Audit Planned Coverage and Output

The 2021/22 Annual Audit Plan approved by the Standards and Audit Committee (26 January 2021) was for 184 days of internal audit coverage in the year.

During the year there were a number of changes to the Audit Plan and these changes were approved by the Standards and Audit Committee during the year.

The planned work that has been carried out against the plan and the status of work not completed is set out at Annex A.

No extra work was carried out which was in addition to that set out in the Annual Audit Plan as amended and approved during the year.

Urgent	Important	Routine
0 (1)	14 (22)	26 (23)

Assurance

TIAA carried out 20 reviews (xxx audits are at draft report), which were designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures are operating to achieve the Organisation’s objectives. For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks was provided. Details of the completed audits are provided in Annex A and a summary is set out below.

Assurance Assessments	Number of Reviews	Previous Year
Substantial Assurance	11	9
Reasonable Assurance	9	8
Limited Assurance	0	1
No Assurance	0	0

The areas on which the assurance assessments have been provided can only provide reasonable and not absolute assurance against misstatement or loss and their effectiveness is reduced if the internal audit recommendations made during the year have not been fully implemented.

We made the following total number of recommendations on our audit work carried out in 2021/22. The numbers in brackets relate to 2020/21 recommendations

Audit Summary

Control weaknesses: There were no areas reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided 'limited' or 'no assurance'.

Operational Effectiveness Opportunities: One of the roles of internal audit is to add value and during the financial year we provided advice on opportunities to enhance the operational effectiveness of the areas reviewed and the number of these opportunities is summarised below.

Operational
12

Independence and Objectivity of Internal Audit

There were no limitations or restrictions placed on the internal audit service which impaired either the independence or objectivity of the service provided.

Performance and Quality Assurance

The following Performance Targets were used to measure the performance of internal audit in delivering the Annual Plan.

Performance Measure	Target	Attained
Completion of Planned Audits (final and draft)	100%	100%
Audits Completed in Time Allocation	100%	100%
Final report issued within 10 working days of receipt of responses	95%	100%
Compliance with Public Sector Internal Audit Standards	100%	100%

Ongoing quality assurance work was carried out throughout the year and we continue to comply with ISO 9001:2015 standards. An independent external review is carried out of our compliance of the Public Sector Internal Audit Standards (PSIAS) and, in particular, to meet the requirement of an independent 5 year review. The outcome confirmed full compliance with all the standards. Our work also complies with the IIA-UK Professional Standards and relevant guidance issued by the Accounts & Audit Regulations 2015.

Release of Report

The table below sets out the history of this Annual Report.

Date Report issued:	August 2022
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Annexes

Annex A

Actual against planned Internal Audit Work 2021/22

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
Risk Management	Assurance	6	6	Reasonable	
Commercial Property	Assurance	8	-		Audit Cancelled to be done in 2022/23
Data Quality	Assurance	6	6	Substantial	
Commercial Rents	Assurance	6	-		Audit Cancelled to be done in 2022/23
Human Resources – Absence Management	Assurance	6	-		Audit Cancelled to be done in 2022/23
Communications	Assurance	6	6	Substantial	Draft report
Business Continuity	Assurance	6	6	Substantial	
Key Revenues Controls	Assurance	20	20	Substantial	
Benefits and Council Tax Support				As above	
Non-Domestic Rates (NDR)				As above	
Council Tax				As above	
Key Financial Controls	Assurance	12	12	Reasonable	
Accounts Payable (Creditors)				As above	
Accounts Receivable (Debtors)				As above	
Main Accounting (General Ledger)	Assurance	6	6	Substantial	Draft report
Payroll	Assurance	8	8	Substantial	
Treasury Management	Assurance	6	6	Substantial	
Customer Services	Assurance	6	6	Reasonable	Draft report
ICT – Software Asset Management	Assurance	8	8	Reasonable	Draft report
ICT – Contract Management	Assurance	8	8	Reasonable	Draft report
Freedom of Information	Assurance	6	6	Substantial	

Depot	Follow up	4	-		Audit Cancelled to be done in 2022/23
Runnymede Travel Initiative	Assurance	6	-		Audit Cancelled
Planning Enforcement	Assurance	6	6	Reasonable	
Housing Rents	Assurance	6	6	Substantial	
Housing Health and Safety	Follow up	4	4	Reasonable	
Housing Repair and Maintenance	Follow up	4	4	Reasonable	
Housing Enforcement	Assurance	6	6	Substantial	
Sheltered Accommodation	Assurance	6	6	Reasonable	Draft report
Housing Section 106 and CIL	Assurance	6	10	Substantial	
Follow up of recommendations	Follow up	12	12	N/A	
	Total Days	184	158		

