

# FAREHAM

## BOROUGH COUNCIL

### **Report to Audit and Governance Committee**

**Date:** 21 November 2022

**Report of:** Head of Finance and Audit

**Subject:** Head of Audit's Quarterly Report

#### **SUMMARY**

This report is a standard item on the Audit and Governance Committee agenda with the aim of providing Members with the assurances arising from the latest internal audit work. It also gives an update on the progress being made with setting and delivering the audit plans.

#### **RECOMMENDATION**

It is RECOMMENDED that the Committee note the progress of the Internal Audit work.

## INTRODUCTION

1. This report provides the assurances arising from the latest internal audit work and gives an update on the progress being made with setting and delivering the audit plans.

## INTERNAL AUDIT PROGRESS

2. The service continues to be affected by some loss of resources due to the retirement of the Senior Audit and Fraud Analyst, with recruitment to the post to start shortly. Also, additional work arising from the Energy Rebate and Business Grants processes continue to have an impact on the delivery of the Internal Audit Plans. This is mainly affecting the in-house team. However, there has also been some staff turnover in the partnership team.

## PROGRESS OF THE 2022/23 PLAN

3. Work has commenced on 15 (58%) of the 26 audits in the current internal audit plan, as noted in Appendix One, such that 6 of the audits have been finalised, 3 are at Stage 5 (a first draft of the report has been received by the Support Officer to be reviewed) and 2 are at Stage 4 (the Auditor has started to deliver the agreed scope of work).

## FINALISING PREVIOUS PLANS

4. There were 4 outstanding audits from the previous Audit Plans and another 3 have been carried forward from last year's plan. Two of these have now been finalised: The Voids Follow Up audit and the Sheltered Housing Safe spot checks. Work is also progressing to finalise the Building – Health and Safety Risks audit from the 2016/17 plan.

## FINDINGS FROM COMPLETED AUDITS

5. Eight final reports have been issued / are about to be issued since the last report as highlighted in the table below. There are no significant findings to highlight.

Audit	Assurance Opinion	Recommendations Made		
		New Essential	New Important	Outstanding Previous Essential or Important
Corporate Software Suite	Strong	-	1	-
Chargeable Garden Waste	Reasonable	-	3	-
Bank Mandate Fraud	Reasonable	-	1	-
Housing Voids Follow up 21/22	Reasonable	-	1	6
Government Counter Fraud and Investigations Framework	N/A	-	3	-
Government Grant Certifications	N/A	-	-	-

Audit	Assurance Opinion	Recommendations Made		
		New Essential	New Important	Outstanding Previous Essential or Important
NFI Data Privacy Notices	N/A	-	-	-
Sheltered Housing – Safe spot checks 21/22	N/A	-	8	-

## RISK ASSESSMENT

6. There are no significant risks considerations in relation to this report.

### Appendices:

**Appendix One** – Audits in the 2022/23 Plan

**Appendix Two** – Reference Tables

### Background Papers:

Head of Audit's quarterly report to the Audit and Governance Committee on 26th September 2022

**Reference Papers:** None

### Enquiries:

For further information on this report please contact Elaine Hammell. (Ext 4344)

## APPENDIX ONE

## AUDITS IN THE 2022/23 PLAN

Audit Title & Report Number	Stage reached of 10*	Days in Plan	Assurance Opinion	Direction of Travel & Date of last audit	Progress report where included	Errors Found? Y/N	New Recommendations		Previous Recs. (E and I only)			
							Essential	Important	Implemented	Cancelled	In Progress	Not Implemented
FUNDAMENTAL SYSTEM AUDITS												
Payroll key controls (1250)	5	5					-		-	-		-
Finance System Data Analytics (1251)	5	15					-		-	-	-	-
Bank Mandate Fraud (1252)	10	2	Reasonable	No previous audit	November 2022	N	-	1	-	-	-	-
Housing Rents (1259)	Not Started	15										
Capital Expenditure and Accounting (1260)	4	10					-		-	-	-	
SERVICE AND SYSTEMS – HIGH RISK												
Building Control (1253)	Not Started	N/A					-			-		-
Chargeable Garden Waste Collection (1254)	10	10	Reasonable	No previous audit	November 2022	N	-	3	-	-	-	-
Homelessness (1261)	Not Started	15					-		-	-	-	-
Service Charges and Recharges – Leaseholders (1262)	Not Started	15					-		-	-	-	-
Community Centres (1263)	1	8										
SERVICES AND SYSTEMS - OTHER												
Facilities Management (1264)	1	5					-		-	-	-	-
Trees (1265)	Not Started	12										
Markets (1266)	1	8										
COMPUTER – FUNDAMENTAL SYSTEMS												





## APPENDIX TWO - Reference Tables

### Scale of Assurance Opinions

<b>Strong</b>	There is a strong system of control designed and operating effectively. Any weaknesses found were low impact and do not significantly affect key controls or the achievement of the objectives of the system.
<b>Reasonable</b>	There is basically a sound system of internal control, but weaknesses were found in system design or compliance, which result in some risk to the achievement of the system objectives.
<b>Limited</b>	There are some weaknesses in the system of control designed or the level of compliance which result in significant risk to the achievement of the system objectives.
<b>Minimal</b>	Fundamental weaknesses have been identified such that many key controls are absent or not operating effectively which may put at risk the achievement of the corporate control objectives.

### 1. Scale of Recommendation Priorities

<b>Essential</b>	A fundamental weakness in the control system which presents immediate risk to the service or system of a significant nature. Requires urgent attention by management. Reported to the A&G Committee and implementation of proposed actions are monitored.
<b>Important</b>	A significant control weakness where the risk is not imminent or only of a moderate nature. This needs addressing but is not urgent. Reported to the A&G Committee and implementation of proposed actions are monitored.
<b>Advisory</b>	A weakness or opportunity for improvement where the risk poses no great threat and is relatively minor. Consideration should be given to addressing the weakness if there is the appetite and/or capacity to implement the improvements. Actions are not tracked.

### 2. Stages of An Audit Assignment

<b>Stage 1</b>	The Audit teams have started drawing up the scope of coverage for the assignment.
<b>Stage 2</b>	A scoping meeting has been held with the Sponsor in the client service.
<b>Stage 3</b>	The Terms of Reference for the Assignment have been issued.
<b>Stage 4</b>	The Auditor has started to deliver the agreed scope of work.
<b>Stage 5</b>	A first draft of the report has been received by the Support Officer to be reviewed.
<b>Stage 6</b>	Any additional testing identified has been completed.
<b>Stage 7</b>	An exit meeting has been held with the Sponsor giving the preliminary feedback from the work.
<b>Stage 8</b>	The draft report has been received by the in-house audit team.
<b>Stage 9</b>	The draft report has been issued to the Service Sponsor and is awaiting their response.
<b>Stage 10</b>	The final report has been issued.