

FAREHAM

BOROUGH COUNCIL

Report to Audit and Governance Committee

Date: 20 July 2023

Report of: Head of Finance and Audit

Subject: HEAD OF INTERNAL AUDITS 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 Audit and Governance Committee notes the progress and findings arising from 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.
2. At the beginning of May 2023 Internal Audit welcomed a new Senior Audit and Fraud Analyst thereby returning the service to a full complement of staff.

PROGRESS OF THE 2022/23 AUDIT PLAN

3. Work has commenced on all 25 of the audits in the revised internal audit plan, as noted in **Appendix One**, such that 22 of the audits have been finalised, one is at Stage 5 (a first draft of the report has been received by the Support Officer to be reviewed) and two are at Stage 4 (the Auditor has started to deliver the agreed scope of work).
4. Included in the plan was assurance work carried out by the Portsmouth City Council Audit Team, as part of their audit plan, relating to the Building Control Partnership. This provides positive assurance on the arrangements.

FINALISING PREVIOUS PLANS

5. There were six outstanding audits from the previous Audit Plans. The review of outstanding all audit recommendations continues to be progressed.

FINDINGS FROM COMPLETED AUDITS

6. Ten audits have been completed 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
Payroll Key Controls	Strong	-	-	-
Housing System Post Implementation Review	Strong	-	1	-
Annual Procurement Transaction Testing	Strong	-	1	-
Housing Rents	Reasonable	-	3	5
Markets	Reasonable	-	6	2
Data Sharing Agreements	Reasonable	-	6	-
CCTV	Reasonable	-	8	-

Audit	Assurance Opinion	Recommendations Made		
		New Essential	New Important	Outstanding Previous Essential or Important
Business Rates Refunds - Review of 2021/22 Extracts	N/A	-	-	-
Targeted Assistance with Recommendation Implementation	N/A	-	3	-
Combined Reception	N/A	-	11	-

PROGRESS OF 2023/24 AUDIT PLAN

7. Work has started to deliver the 2023/24 audit plan, as noted in **Appendix Two**, such that 2 audits have now reached the fieldwork stage.

RISK ASSESSMENT

8. There are no significant risk considerations in relation to this report

Appendices:

Appendix One – Audits in the 2022/23 Plan

Appendix Two – Audits in the 2023/24 Plan

Appendix Three – Reference tables

Background Papers:

Head of Audit's quarterly report to the Audit and Governance Committee on 13th March 2023.

Reference Papers:

None

Enquiries:

For further information on this report please contact Clare Rogers (Tel: 01329 824691)

APPENDIX ONE

AUDITS IN THE 2022/23 PLAN

[illegible]

Audit Title & Report Number	Stage reached of 10*	Days in Plan	Assurance Opinion	Direction of Travel & Date of last audit	Progress report where included	New Recommendations			Previous Recs. (E and I only)			
						Errors Found? Y/N	Essential	Important	Implemented	Cancelled	In Progress	Not Implemented
Markets (1266)	10	8	Reasonable	↑ 21/22	July 2023	Y	-	6	3	3	1	1
COMPUTER – FUNDAMENTAL SYSTEMS												
Corporate Software Suite (1267)	10	10	Strong	No previous audit	November 2022	N	-	1	-	-	-	-
Housing System - Post Implementation Review (1268)	10	15	Strong	No previous audit	July 2023	N	-	1	-	-	-	-
CORPORATE, SPECIALIST, GOVERNANCE AND RISK												
Data Sharing Agreements (1269)	10	15	Reasonable	No previous audit	July 2023	N	-	4	2	-	-	-
WIDER WORK												
Compliance with the Government Counter Fraud Professional Standard (1256)	10	-	N/A	N/A	November 2022	N/A	-	3	-	-	-	-
Process Flow for S106 Contributions (1270)	4	-										
Business Rates Refunds - Review of 2021/22 Extracts (1271)	10	-	N/A	N/A	July 2023	N	-	-	1	-	-	-
Anti-Bribery Arrangements (1272)	Postponed	-										
Contract Management (1273)	10	-	N/A	N/A	March 2023	N/A	-	6	-	-	-	-
NFI - Data Privacy Notices (1274)	10	-	N/A	N/A	November 2022	N/A	-	-	-	-	-	-
Annual Procurement Transaction Testing (1275)	10	-	Strong	N/A	July 2023	-	-	1	-	-	-	-
Targeted Assistance with Recommendation Implementation (1276)	10	-	N/A	N/A	July 2023	-	-	3	9	8	5	2

Audit Title & Report Number	Stage reached of 10*	Days in Plan	Assurance Opinion	Direction of Travel & Date of last audit	Progress report where included		New Recommendations		Previous Recs. (E and I only)			
						Errors Found? Y/N	Essential	Important	Implemented	Cancelled	In Progress	Not Implemented
Government Grant Certifications (1277)	Non-standard audit - completed	-	N/A	N/A	November 2022	N	-	-	-	-	-	-
Combined Reception (1278)	10	-	N/A	N/A	July 2023	N	-	11	-	-	-	-
RESERVE AUDITS												
Information Flow in the Business Rates Team			-									
CCTV (1261) NEW	10	10	Reasonable	↔ 19/20	July 2023	N	-	8	-	-	-	-
Social Media Monitoring by Services Follow Up			-									
Pre-Application Advice Cost Comparison to Income			-									
PCI Compliance			-									
Remote Working and Confidentiality			-									

* A key to the information in this column is given in **Appendix Three**

APPENDIX TWO

Audits in the 2023/24 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		New Recommendations		Previous Recs. (E and I only)			
						Errors Found? Y/N	Essential	Important	Implemented	Cancelled	In Progress	Not Implemented
FUNDAMENTAL SYSTEM AUDITS												
Income Management (1279)		12										
Main Accounting System & Budgetary Control (1280)		8										
Treasury Management (1281)		12										
Vehicle Management Invoice Management (1282)		10										
Benefits (1283)		12										
SERVICES AND SYSTEMS - HIGH RISK												
Homelessness (1284)		15										
Housing Grants and Home Improvement Loans (1285)		5										
Leisure Centres (1286)	4	12										
Parking Income (1287)		12										
Planning Applications (1288)	4	12										
SERVICES AND SYSTEMS - OTHER												

Audit Title & Report Number	Stage reached of 10*	Days in Plan	Assurance Opinion	Direction of Travel & Date of last audit	Progress report where included		New Recommendations	Previous Recs. (E and I only)				
						Errors Found? Y/N	Essential	Important	Implemented	Cancelled	In Progress	Not Implemented
Service Charges - Civic Offices (1289)		8										
Insurance (1290)		12										
COMPUTER FUNDAMENTAL SYSTEM												
Local Government Software package (1291)	1	10										
COMPUTER KEY RISK												
Security and resilience of Council Networks (1292)		12										
CORPORATE, SPECIALIST, GOVERNANCE & RISK												
Fareham Live (1293)		15										
WIDER WORK												
Annual Procurement transaction testing (1294)												
Key Finance System Data Analytics (1295)		15										
Accuracy of VAT coding (1296)	1											
Energy Rebates - data matching of 2022/23 payments (1297)		8										
Anti-Bribery Arrangements (1298)												
Home working - risk assessments and confidentiality arrangements (1299)	1											
Targeted Assistance with Recommendation Implementation (1300)	1	8										
RESERVE AUDITS												

Audit Title & Report Number	Stage reached of 10*	Days in Plan	Assurance Opinion	Direction of Travel & Date of last audit	Progress report where included	New Recommendations			Previous Recs. (E and I only)			
						Errors Found? Y/N	Essential	Important	Implemented	Cancelled	In Progress	Not Implemented
Petty Cash and Floats												
Information flow in the Business Rates team												
Social Media Monitoring by services Follow Up												
Pre-application advice cost comparison to income												
PCI Compliance												
Vehicle Management												
Housing Communal services												

* A key to the information in this column is given in **Appendix Three**

APPENDIX THREE - Reference Tables

Scale of Assurance Opinions

Strong	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.
Reasonable	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.
Limited	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.
Minimal	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

Essential	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.
Important	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.
Advisory	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

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