

# FAREHAM

## BOROUGH COUNCIL

### Report to Audit and Governance Committee

**Date:** 15 March 2021

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

**Subject:** INTERNAL AUDIT PROGRESS REPORT

#### SUMMARY

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

*The Audit and Governance Committee's areas of responsibility for Internal Audit include: -*

- a) to approve significant interim changes to the internal audit plan and resource requirements;*
- b) to make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations;*
- c) to consider reports from the head of internal audit on internal audit's performance, including the performance of external providers of internal audit services. These will include:*
  - updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work.*
- d) to receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.*

#### RECOMMENDATION

It is recommended that the Audit and Governance Committee notes the progress and findings arising from Internal Audit work.

## INTRODUCTION

1. This report highlights the progress made to date on the delivery of the Internal Audit Plans and the assurances that can be obtained from the work now completed.
2. It should be noted that as covered in the last report, the Covid-19 pandemic has significantly impacted on the resources available to the service due to:
  - a) reduced productivity from the audit team arising from changes in working arrangements during lock down and continuing pandemic restrictions;
  - b) time lost due to the need to allow auditees to prioritise their pandemic responses over audits and;
  - c) the need to divert auditor resources to assist with the Council responses to the pandemic at both Fareham BC and Portsmouth CC.

The completion of the plans has therefore been impacted; and consideration has needed to be given to how to achieve a level of coverage that will support the annual Head of Audit opinion. This is discussed below.

## PROGRESS OF THE 2020/21 AUDIT PLAN

3. Due to the other priorities of the teams involved, responding to the challenge of the pandemic, we have now agreed to further postpone the Contract Management audit until 2021/22. However, planning work on the coverage of this work has started, which should help ensure we achieve delivery next year.
4. There are still 16 opinion audits in this year's plan, and we are on target to deliver them all. Work has commenced on all 16 of the audits, 5 have been finalised (stage 10), 2 of the audits have had the draft report issued (stage 9), with a number of others close to the draft report stage.
5. There are also 2 wider pieces of work we still intend to use for this year's opinion, one (Contract Deeds) of which has already been finalised. It is unlikely, however, that any of the reserve audits will be delivered to make up for the 2 cancelled/postponed audits.
6. However, we intend to instead make use of other assurance activities that the team have been carrying out, or plan to carry out, to support this year's annual opinion. In relation to the **pandemic** these include:
  - (a) Substantive advice and support given in relation to business grants, including leading on the fraud risk assessments, the design of pre and post payment assurance processes and carrying out investigations into suspected fraudulent applications.
  - (b) Leading on the design of emergency financial procedures (e.g. invoice payment flows, cash office banking) during the periods of lockdown.
  - (c) Review of the robustness of the emergency decision making powers.
  - (d) Involvement in ensuring financial resilience and budget planning which reflects the impact of the pandemic on the Council's finances.

(e) Discussions held to provide assurance on cyber security arrangements during remote working.

7. In addition to these activities we have added an additional piece of work to the plan involving substantive sample testing of Procurement Card transactions to provide assurance that appropriate purchases are being made, and controls and financial prudence are not being weakened during the pandemic. This testing has reached the draft report stage.

### FINALISING PREVIOUS AUDIT PLANS

8. Two of the audits from previous plans have been completed since the last report, namely, Risk Inspections and Recording of Sickness through HR 21. The 7 remaining audits are detailed in Appendix One with the latest update on how we are aiming to bring this work to a conclusion.

### FINDINGS FROM COMPLETED AUDITS

9. The 8 latest final reports that have been issued are listed below, with the opinions given and number of recommendations made:

Audit	Assurance Opinion	Recommendations Made		
		New Essential	New Important	Outstanding Previous Essential or Important
Construction Industry Tax (CIS) 2020/21	Strong	-	-	-
Tenancy Management Follow Up 2020/21	Strong	-	-	1
Recycling 2020/21	Strong	-	2	-
Household Waste 2020/21	Strong	-	3	3
Recording of Sickness 2019/20	Reasonable	-	1	-
Housing Rents Follow Up 2020/21	Reasonable	-	-	2
Targeted assistance with recommendation implementation – Contract Deeds 2020/21	N/A	-	-	3
Risk Inspections of Public Areas 2017/18	N/A	1	4	-

### RISK ASSESSMENT

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

**Background Papers:** None

**Reference Papers:**

Report by the Director of Finance and Resources to the Audit and Governance Committee on 10 March 2014 on the Contractor Annual Audit Plan 2014/15

Report by the Head of Finance and Audit to the Audit and Governance Committee on 14 March 2016 on the Internal Audit Plan 2016/17

Report by the Head of Finance and Audit to the Audit and Governance Committee on 17 March 2017 on the Internal Audit Plan 2017/18

Report by the Head of Finance and Audit to the Audit and Governance Committee on 18 March 2018 on the Internal Audit Plan 2018/19

Report by the Head of Finance and Audit to the Audit and Governance Committee on 11 March 2019 on the Internal Audit Plan 2019/20

Report by the Head of Finance and Audit to the Audit and Governance Committee on 19 October 2020 on the Internal Audit Plan 2020/21

**Enquiries:**

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

## APPENDIX ONE

### Update on Outstanding Audits from Previous Plans

The following table shows those audits that were outstanding in the last quarterly report and shows the current position with finalising the work.

Audit Title	Stage reached of 10*	Original Days in Plan	Proposals to Conclude this work
<b>2014/15</b>			
Information Governance Opinion (Wider piece of work)	5	-	<b>Audit relying on completion of other Audit Work – Targeted for July 2021</b> This audit will be able to be closed down once the review of all outstanding audit recommendations is commenced and the extract relating to ICT audit recommendations can be produced to feed into the final summary. As this will now be delayed until the 2021/22 plan it is unlikely that we can complete this report until next July.
<b>2016/17</b>			
Solent Airport Operating Contracts (Opinion audit)	5	12	<b>Audit in Plan for 2020/21 which will supersede this audit</b> The draft audit report in 2016/17 generally gave strong assurance in relation to these contracts, although there were a few minor areas of testing that needed finalising and feeding into the report. Some of these have since been picked up by the finance team. In the meantime, the nature of the operations at Daedalus have been expanded, and there have been changes in the FBC officers involved in estate management and financial support. A new audit has been included in the 2020/21 audit plan which will allow this audit to be closed. The work on this audit has been substantially completed.
Building Health and Safety Risks (Wider piece of work)	5	-	<b>Audit Targeted for Completion using Apprentice Resources – July 2021</b> The draft audit report in 2016/17 generally gave strong assurance in relation to the management of these risks, although there were a few minor areas of testing that needed finalising and feeding into the report. It was originally proposed that the additional apprentice resources would be used to refresh the testing and fill in the gaps to allow the report to be finalised. However, due to other priorities it has not yet been possible to start this work.
<b>2017/18</b>			
Commercial Estates (Opinion audit)	8	15	<b>Audit Targeted for Completion – September 2021</b> The draft audit report in 2017/18 generally gave reasonable assurance in relation to the management of these risks, although there were a few minor areas of testing that needed finalising and feeding into the report, and some inaccuracies needed correcting. In the meantime, some of the issues have been addressed by the Finance Service. It is therefore proposed that a revised draft report is still produced and discussed with the latest manager of the service to allow the report to be finalised by the September Committee.
<b>Risk Inspections of Public Areas (Wider piece of work)</b>	<b>10</b>	-	<b>Audit Now Finalised</b> This was a large collaborative piece of work involving the insurance and audit teams which culminated in a presentation to senior managers.
<b>2018/19</b>			

Audit Title	Stage reached of 10*	Original Days in Plan	Proposals to Conclude this work
Write Offs History Analysis & Interest charges (Wider piece of work)	5	-	<b>Audit Targeted for Completion - September 2021</b> A considerable amount of work has been carried out on this audit which was fed into the changes proposed to Financial Regulations at the September 2020 Committee. There are some parts of the analysis that need completing and all the findings discussed at a manager's workshop before this work can be finalised. Some subsequent testing has been picked up in the 2020/21 audit of Account Receivable.
Housing Options Debtors (Wider piece of work)	8	-	<b>Audit Targeted for Completion – July 2021</b> This second draft of this report has now been produced and is just waiting review and discussion with the service to allow the final report to be produced.
Review of all other outstanding audit recommendations (Wider piece of work)	1	-	<b>Audit Targeted for Completion – March 2022</b> Little progress has been made on this large piece of work that has been outstanding for a number of years, although in the meantime some targeted follow up work has commenced and more has been built into the 2020/21 plan. Given the on-going impact on the resources from the pandemic we are now proposed to suspend this work until 2021/22.
2019/20			
<b>Recording of Sickness through the HR 21 system</b>	10	10	<b>Audit Now Finalised</b> The final report for this audit has now been issued.

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



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
<b>FOLLOW UP</b>												
Cloud (1212)	5	8										
Tenancy Management (1213)	10	5	Strong	↑	03/21	N	-	-	4	-	-	1
Safeguarding (1202)	9	5										
Housing Rents (1214)	10	6	Reasonable	↑	03/21	N	-	-	4	-	1	1
<b>WIDER WORK</b>												
Social Media Monitoring by Services (1217)	4	-										
Targeted Assistance with recommendation implementation – Contract Deeds (1215)	10	-	N/A		03/21	N	-	-	7	1	2	1
Contract Management	Postponed	-										
Disabled Facility Grants – Grant certification 2019/20	Cancelled	-										
Procurement Card Testing (Extra)	4	-										
Totals		171										
<b>RESERVE AUDITS</b>												
Vehicle Maintenance ordering, invoice management and stock control	Not Started	15										
Car Loans	Not Started	5										
Housing Voids - Follow Up	Not Started	5										
Pre-application advice cost comparison to income	Not Started	5										
Annual Testing of Procurement Decisions	Not Started	-										

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



APPENDIX THREE

Findings from the Latest Completed Audits

<b>Audit Title</b>	<b>Construction Industry Tax Scheme</b>	<p><b>Overview of Subject:</b> The Construction Industry Taxation Scheme is a government led scheme that ensures that sub-contractors carrying out construction work pay the correct level of tax. It requires contractors to make deductions from sub-contractor payments for works completed and pay the deductions directly to HMRC. The Authority represents the contractor in this context. CIS deductions are managed through the Council's Finance computer system.</p>
<b>Report Number</b>	<b>1211</b>	
<b>Year of Audit</b>	<b>2020/21</b>	
<b>Type of Work</b>	Corporate, Specialist, Governance & Risk	
<b>Assurance Opinion Given</b>	<b>Strong</b>	
<b>Direction of Travel</b>	↔ 2008/09	
<b>Errors Found</b>	No	

Areas of Scope	Adequacy and Effectiveness of Controls		New Recommendations Raised			Previous Rec Implementation (E and I only)		
			Essential (🔴)	Important (🟡)	Advisory (🟢)	Implemented	Cancelled	Not Implemented
Deductions			-	-	-	-	-	-
Payments			-	-	-	-	-	-
Tax Returns			-	-	-	-	-	-
Record Keeping			-	-	-	-	-	-
Supplier List			-	-	-	-	-	-
Transparency			-	-	-	-	-	-

<b>Audit Title</b>	<b>Housing Tenancy Follow up</b>	<p><b>Overview of Subject:</b> Local Authorities have a statutory obligation to provide social housing for those in need under the Housing Act 2004, giving priority to the homeless and other vulnerable people.</p> <p>Weaknesses were found with the controls in the processes used by the service during the 2019/20 audit. This audit followed up progress in implementing the agreed action plan.</p> <p>It was concluded that good progress had been made with 4/5 recommendations now fully implemented.</p>
<b>Report Number</b>	<b>1213</b>	
<b>Year of Audit</b>	<b>2020/21</b>	
<b>Type of Work</b>	Limited Opinion Follow Up	
<b>Assurance Opinion Given</b>	<b>Strong</b>	
<b>Direction of Travel</b>	↑ 2019/20	
<b>Errors Found</b>	No	

<b>Weaknesses identified during the audit and the proposed action</b> (Essential and Important only)	
<b>Previous Important</b>	<b>Tenants' Transfer Incentive Scheme</b> – It was previously recommended that details of the transfer incentive scheme should be put on the Authority's website to make it more visible to tenants, this had not been completed. However, the transfer incentive scheme was printed in the tenant's newsletter in October 2020 to help raise awareness.

<b>Audit Title</b>	<b>Recycling</b>	<p><b>Overview of Subject:</b> The Authority is part of a waste and recycling initiative led by Hampshire County Council that aims to have 65% of municipal waste being recycled by 2035. The Authority operates a fortnightly recycling service in the borough and delivers waste to local Materials Recovery facilities. The Authority collected and delivered 6,043 tonnes of recyclable waste in 2019/20.</p>
<b>Report Number</b>	<b>1199</b>	
<b>Year of Audit</b>	<b>2020/21</b>	
<b>Type of Work</b>	Services and Systems - High Risk	
<b>Assurance Opinion Given</b>	<b>Strong</b>	
<b>Direction of Travel</b>	↔ 2015/16	
<b>Errors Found</b>	No	

Areas of Scope	Adequacy and Effectiveness of Controls		New Recommendations Raised			Previous Rec Implementation (E and I only)		
			Essential (⚡)	Important (▲)	Advisory (℞)	Implemented	Cancelled	Not Implemented
Route Planning	■	■	-	-	-	-	-	-
Workforce Management	■	■	-	1	-	-	-	-
Vehicle Management	■	■	-	-	-	-	-	-
Materials Separation/ Contamination	■	■	-	-	-	-	-	-
Staff Training	■	■	-	-	-	-	-	-
Recycling Banks and Textiles	■	■	-	-	-	-	-	-
Income Reconciliation	■	■	-	1	-	-	-	-
Income Streams	■	■	-	-	1	-	-	-

**Weaknesses identified during the audit and the proposed action** (Essential and Important only)

**Weaknesses identified during the audit and the proposed action** (Essential and Important only)

<b>Important</b>	<b>Workforce Management</b> - A review of the worked hours between April 2019 and September 2020 found that agency services had been used to cover 24% of the capacity needed to operate the refuse rounds. Agency employees are required to cover vacancies, absences and long-term sickness. However, the use of agency staff is currently being reviewed with the aim of identifying ways to reduce these costs.
<b>Important</b>	<b>Income Reconciliation Dry Mix Recyclables</b> – The dry mix recyclables collected fortnightly by the refuse teams, consist of paper, cardboard, tin and plastics. Hampshire County Council calculate the income due to the Authority annually based on the tonnage recycled. A calculation carried out as part of the audit testing showed a discrepancy between the expected income and the actual income received. Whilst it is recommended that the Council should query differences when they arise, the service does carry out a reasonableness check each year and accepts an error rate of 1% or less.

<b>Audit Title</b>	<b>Household Waste</b>	<p><b>Overview of Subject:</b> The Authority has a statutory duty under the Environmental Protection Act 1990 as a 'Waste Manager' to provide a refuse service for the Borough: at the time of the audit it was collecting household waste for 50,876 properties accumulating approximately 3000 - 4000 tonnes of waste per month. The Authority is part of a waste and recycling agreement headed by Hampshire County Council for the collection and disposal of waste within the County. The service has remained largely unchanged during the COVID-19 pandemic, however, there have been minor procedural changes.</p>
<b>Report Number</b>	<b>1200</b>	
<b>Year of Audit</b>	<b>2020/21</b>	
<b>Type of Work</b>	Services and Systems - High Risk	
<b>Assurance Opinion Given</b>	<b>Strong</b>	
<b>Direction of Travel</b>	↔2015/16	
<b>Errors Found</b>	No	

Areas of Scope	Adequacy and Effectiveness of Controls		New Recommendations Raised			Previous Rec Implementation (E and I only)		
			Essential (⚡)	Important (▲)	Advisory (℞)	Implemented	Cancelled	Not Implemented
Route Planning	■	■	-	-	-	-	-	-
Workforce Management	■	■	-	1	-	-	-	-
Vehicle Management	■	■	-	-	-	-	-	-
Staff Training	■	■	-	-	-	-	-	-
Waste Certificates	■	■	-	-	-	-	-	-
Clinical Waste	■	■	-	-	-	-	-	-
Charges for Extra/Bulky Waste Collections	■	■	-	1	-	-	-	3
Charges for Extra Bins	■	■	-	1	-	-	-	-

**Weaknesses identified during the audit and the proposed action (Essential and Important only)**

<b>Weaknesses identified during the audit and the proposed action</b> (Essential and Important only)	
<b>Important</b>	<b>Workforce Management</b> – A review of the worked hours between April 2019 and September 2020 found that agency services had been used to cover 24% of the capacity needed to operate the refuse rounds. Agency employees are required to cover vacancies, absences and long-term sickness. However, the use of agency staff is currently being reviewed with the aim of identifying ways to reduce these costs.
<b>Important</b>	<b>Charges for Extra/Bulky Waste Collections</b> - Bulky waste refunds are issued when residents cancel their collections. The refunds are requested and authorised by the Business Support Team and then forwarded to Finance for processing. The sample of refunds tested could not be matched to the authorisations as the supporting emails were not retained. This process has now been updated.
<b>Important</b>	<b>Charges for Extra Bins</b> - New residential developments require refuse bins to be supplied by the Authority, and payment for these is obtained from the Developer. Testing showed that it was not apparent whether a new development required the supply of refuse bins. It was evident when a bin had been provided, however, in circumstances where bins had not been provided it wasn't clear whether this was due to the new development not needing them or whether the charge for new bins had been missed. It was agreed to add a note to the computerised record to clarify the provision or non-provision of bins.
<b>Previous Important x 3</b>	<b>Income received for bulky waste and fridge freezer collections</b> - Discussions with Officers revealed that the expected income was not reconciled to income received on a monthly basis as previously recommended. A reconciliation for the 2019/20 financial year was conducted during the audit and this highlighted an immaterial discrepancy indicating that expected income for Bulky Waste and Fridge Freezer collections is being received after services are being provided. It was agreed that Officers would implement a regular reconciliation process for this income.

<b>Audit Title</b>	<b>Recording of Sickness</b>	<b>Overview of Subject:</b>  The Development Team at FBC have developed a bespoke internal web system to control the reporting and management of sickness. The system uses an interface with the payroll system to feed into the calculation of sick pay.  This audit covered this relatively new system to confirm that sickness was being accurately recorded and fed into the payroll system.
<b>Report Number</b>	<b>1181</b>	
<b>Year of Audit</b>	<b>2019/20</b>	
<b>Type of Work</b>	Corporate, Specialist, Governance & Risk	
<b>Assurance Opinion Given</b>	<b>Reasonable</b>	
<b>Direction of Travel</b>	N/A	
<b>Errors Found</b>	No	

Areas of Scope	Adequacy and Effectiveness of Controls		New Recommendations Raised			Previous Rec Implementation (E and I only)		
			Essential (🔴)	Important (🟡)	Advisory (🟢)	Implemented	Cancelled	Not Implemented
Procedures for reporting sickness			-	-	1	-	-	-
Live Sickness Reporting			-	-	-	-	-	-
Accuracy of data transfer to payroll system								
Recording of Sickness Absences			-	1	-	-	-	-
Calculation of Part Days			-	-	-	-	-	-
Trigger Points (higher sick level)			-	-	-	-	-	-

<b>Weaknesses identified during the audit and the proposed action</b> (Essential and Important only)	
<b>Important</b>	<b>Accurate Recording of Sickness Absences</b> – During testing 2 discrepancies were found between the Time Recording system and the web-based sickness system. The Human Resources are reviewing the controls over the recording and checking of sickness absences and will issue periodic reminders of the required procedures.

<b>Audit Title</b>	<b>Housing Rents Follow up</b>	<p><b>Overview of Subject:</b> Housing rent is a large source of income for the Housing Revenue Account which receives payments for rent directly from tenants who reside in the Authority's properties. Payment is also received from Housing Benefit on behalf of those tenants that are eligible to receive it.</p> <p>Weaknesses were found with the controls in the processes used by the service during the audit in 2019/20 and this audit followed up progress in implementing the agreed action plan.</p> <p>It was concluded that good progress had been made with 4/6 recommendations now fully implemented. Of the remaining 2, one was in progress and the other was not implemented.</p>
<b>Report Number</b>	<b>1214</b>	
<b>Year of Audit</b>	<b>2020/21</b>	
<b>Type of Work</b>	Limited Opinion Follow Up	
<b>Assurance Opinion Given</b>	<b>Reasonable</b>	
<b>Direction of Travel</b>	↑ 2019/20	
<b>Errors Found</b>	No	

<b>Weaknesses identified during the audit and the proposed action (Essential and Important only)</b>	
<b>Previous Essential</b>	<b>Write Offs</b> – It was previously agreed that a reconciliation process would be introduced, to regularly compare the Write Off report from the computer system with those on the central authorisation log to ensure all write offs are following the authorisation procedures. However, this was found not to have been implemented at the time of the follow up and it was suggested that there should now be a quarterly reconciliation.
<b>Previous Important</b>	<b>Credit Balances</b> – Since the previous audit, credit balances have been reviewed on a monthly basis resulting in a considerable reduction of former tenant credit balances. In addition, current tenant balances have been reviewed. However, although these balances have decreased there is still some further work to be carried out and the review is ongoing.



<b>Audit Title</b>	<b>Targeted assistance with recommendation implementation – Contract Deeds</b>	<p><b>Overview of Subject:</b> A review was previously undertaken to confirm that:</p> <ul style="list-style-type: none"> <li>a) the council was maintaining adequate records of what contracts and agreements that it has entered into</li> <li>b) documents are held securely</li> <li>c) and to establish that the original signed and electronic copy can be easily located when required</li> </ul> <p>This review was concluded in 2018 and some weaknesses were found with the controls in the processes and Contract Standing Orders were not fully being adhered to</p> <p>An action plan was therefore agreed which included proactive use of the audit service to help roll out awareness of the current requirements and assist services which achieving compliance.</p> <p>This audit followed up progress in implementing the agreed action plan as well as launching the required service awareness and assistance project. It was concluded that good progress had been made with 7/11 recommendations now fully implemented. Of the remaining 4 one was superseded, 2 were in progress and the other one was not yet implemented.</p>
<b>Report Number</b>	<b>1215</b>	
<b>Year of Audit</b>	<b>2020/21</b>	
<b>Type of Work</b>	Wider Work (Corporate Assurance)	

<b>Weaknesses identified during the audit and the proposed action (Essential and Important only)</b>	
<b>Previous Important</b>	<b>Electronic Storage of Contracts and Agreements</b> – It was agreed that a more uniform approach to the electronic filing of contracts and agreements would be beneficial for the services throughout the Authority utilising the Council’s new document storage platform. However, assistance is needed to get the new process set up for services to then maintain. Therefore, a project has been set up whereby a small team of officers are working with Managers to complete this task.
<b>Previous Important</b>	<b>Housing Agreements</b> – Housing agreements were being stored in a cabinet in Housing, and assurance was requested that the current cabinet used was fireproof. Due to the change in working processes in the past year all new agreements received are held electronically. When Officers are able to return to the Civic Offices the future role of the cabinet will be

<b>Weaknesses identified during the audit and the proposed action</b> (Essential and Important only)	
	checked and replaced if required.
<b>Previous Important</b>	<b>Document Retention</b> – It was agreed that an exercise should be carried out to destroy contract documentation that has now passed its retention date. It has not been possible to resource this task due to COVID restrictions. When the restrictions are eased this will be progressed.

<b>Audit Title</b>	<b>Risk Inspections of Public Areas</b>	<p><b>Overview of Subject:</b></p> <p>A significant proportion (20%) of claims brought against the Council relate to hazards in public areas such as trips, slips, falls and unsafe trees. One of the main tools the Council uses to keep public areas safe (and ultimately defend claims) is the use of proportionate inspection regimes.</p> <p>A collaborative audit review was therefore undertaken with the insurance team to confirm that:</p> <ul style="list-style-type: none"> <li>a) the corporate framework and expectations surrounding the role of inspections is clear</li> <li>b) that there is adequate inspection coverage of all the council's assets and public areas</li> <li>c) the inspection coverage was sufficient to allow insurance claims to be defended.</li> <li>d) Employees are aware of the requirement in the new Risk Management Policy to help act as the eyes and ears of the borough and raise any potential hazards with the appropriate service.</li> </ul> <p>23 assets groups were identified and mapped using a RAG rating in terms of the adequacy of the inspections and the trend in insurance claims. Generally, inspection processes were found to be appropriate to the risks and the course of carrying out the work improved awareness across the council.</p>
<b>Report Number</b>	<b>1125</b>	
<b>Year of Audit</b>	<b>2017/18</b>	
<b>Type of Work</b>	Wider Work (Corporate Risk Assurance)	

<b>Weaknesses identified during the audit and the proposed action (Essential and Important only)</b>	
<b>Essential</b>	<b>Inspections regimes to be strengthened</b> – There were a few areas where it was concluded that inspections / inspection records could be strengthened. Discussions have been held with the relevant service managers and actions agreed.
<b>Important</b>	<b>Crimson Defect Monitoring</b> – Management information should be compiled to confirm that any serious defects identified in the engineering inspections carried out by an external party, have been dealt with.
<b>Important</b>	<b>Repairs Feedback</b> – The information flow about whether repairs requested have been completed, should be strengthened. This will be reviewed as part of the implementation of the new housing system.
<b>Important</b>	<b>Inspector Training and Accreditation</b> – Refresher training should be delivered which is aimed at the level of those officers

<b>Weaknesses identified during the audit and the proposed action</b> (Essential and Important only)	
	who carry out inspections and may be called upon to testify as a competent person.
<b>Important</b>	<b>Eyes and Ears Checklist</b> – As a result of the audit a list of service contacts has been developed for officers to use when they are out and about and see a hazard they wish to report. This contact list would benefit from being published on the intranet so that officers can access it using their mobile phones.

## APPENDIX FOUR

### Reference Tables

#### 1. 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.

#### 2. 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.

#### 3. 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.