

FAREHAM

BOROUGH COUNCIL

Report to Audit and Governance Committee

Date: 12 July 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.
3. The completion of the plans has therefore been impacted but the service has made a good recovery. This has allowed sufficient coverage this year to support the annual Head of Audit opinion without qualification.

DELIVERY OF THE 2020/21 PLAN

3. There were 16 opinion audits in the 2020/21 year's plan. 15 of the audits have reached completion with the remaining audit (Benefits) currently at stage four - the Auditor has started to deliver the agreed scope of work.
4. There are also 3 wider pieces of work which have either been finalised or are close to being finalised.

AUDIT PLAN FOR 2021/22

5. Due to the reduced availability of resources, as detailed above, the 2021/22 plan is currently in draft format only. This plan is due to be finalised and will be included in the next Internal Audit Progress report.

FINALISING PREVIOUS AUDIT PLANS

6. One of the audits from previous plans have now been closed since the last report, namely, Solent Airports Operating Contracts, as a refreshed opinion is now available from the 2020/21 audit. The 6 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

7. The 11 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
Democratic Representation and Management (including members allowances and expenses)	Strong	-	-	-
Service Charges and Recharges – Council Tenants	Strong	-	-	-
Accounts Receivable	Strong	-	1	-
Benefits and Council Tax Computer System	Strong	-	1	-
Parking Enforcement	Strong	-	1	-
Income Management	Reasonable	-	2	3
Solent Airport Operating Contracts	Reasonable	-	3	-
Internet and Email access	Reasonable	-	4	-
Cloud – Follow Up	Reasonable	-	-	14
Safeguarding – Follow up	Limited	-	-	6
Procurement Card – Transaction Testing	Not applicable	-	5	-

RISK ASSESSMENT

8. There are a few risk considerations in relation to this report, arising from the Safeguarding follow up audit that has remained as limited assurance as no evidence was provided to allow the previous recommendation made to be closed down. Details of the risks are given in Appendix Three.

Appendices:

Appendix One - Update on Outstanding Audits from Previous Plans

Appendix Two - Audits in the 2020/21 Plan

Appendix Three – Findings from the Latest Completed Audits

Appendix Four - Reference Tables

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 19 October 2020 on the Internal Audit Plan 2020/21

Enquiries:

For further information on this report please contact 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
2014/15			
Information Governance Opinion (Wider piece of work)	5	-	Audit relying on completion of other Audit Work – Targeted for November 2021 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. This has been delayed until later in the 2021/22 plan.
2016/17			
Solent Airport Operating Contracts (Opinion audit)	5	12	Audit in Plan for 2020/21 has now superseded this audit 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. An audit was included in the 2020/21 audit plan and has been completed which has now allowed this audit to be closed.
Building Health and Safety Risks (Wider piece of work)	5	-	Audit Targeted for Completion using Apprentice Resources – September 2021 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.
2017/18			
Commercial Estates (Opinion audit)	8	15	Audit Targeted for Completion – September 2021 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.
2018/19			
Write Offs History Analysis & Interest charges (Wider piece of work)	5	-	Audit Targeted for Completion - November 2021 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

Audit Title	Stage reached of 10*	Original Days in Plan	Proposals to Conclude this work
			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	-	Audit Targeted for Completion – September 2021 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	-	Audit Targeted for Completion – March 2022 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 2021/22 plan.

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

APPENDIX TWO

Audits in the 2020/21 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												
Benefits (1204)	4	15										
Income Management (1205)	10	15	Reasonable	↔ 17/18	07/21	N	-	2	1	-	1	2
Accounts Receivable (1206)	10	15	Strong	↔ 17/18	07/21	N	-	1	6	-	-	-
SERVICES & SYSTEMS – HIGH RISK												
Democratic Representation and Management (including members allowances and expenses) (1207)	10	12	Strong	↔ 13/14	07/21	-	-	-	2	-	-	-
Household Waste Collection (1200)	10	10	Strong	↔ 15/16	03/21	N	-	3	-	-	-	3
Recycling (1199)	10	8	Strong	↔ 15/16	03/21	N	-	2	-	-	-	-
Parking Enforcement (1208)	10	10	Strong	↑ 15/16	07/21	N	-	1	-	-	-	-
Solent Airport Operating Contracts (1201)	10	15	Reasonable	No previous opinion	07/21	Y	-	3	-	-	-	-
SERVICES & SYSTEMS – Other												
Service Charges and Recharges - Council Tenants (1203)	10	15	Strong	↑ 18/19	07/21	N	-	-	2	-	-	-
CORPORATE, SPECIALIST GOVERNANCE & RISK												
Construction Industry Tax Scheme (CIS) (1211)	10	5	Strong	↔ 08/09	03/21	N	-	-	-	-	-	-
COMPUTER AUDITS												
Benefits and Local Tax Computer Systems (1209)	10	15	Strong	↔ 06/07	07/21	N	-	1	-	-	-	-

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
Internet and Email access (1210)	10	12	Reasonable	↔ 08/09	07/21	N	-	4	-	-	-	-
FOLLOW UP												
Cloud (1212)	10	8	Reasonable	↑ 18/19	07/21	N	-	-	4	-	11	3
Tenancy Management (1213)	10	5	Strong	↑ 19/20	03/21	N	-	-	4	-	-	1
Safeguarding (1202)	10	5	Limited	↔ 19/20	07/21	N	-	-	-	-	2	4
Housing Rents (1214)	10	6	Reasonable	↑ 19/20	03/21	N	-	-	4	-	1	1
WIDER WORK												
Social Media Monitoring by Services (1217)	8	-		N/A								
Targeted Assistance with recommendation implementation – Contract Deeds (1215)	10	-	N/A	N/A	03/21	N	-	-	7	1	2	1
Contract Management	Postponed	-	-	-	-	-	-	-	-	-	-	-
Disabled Facility Grants – Grant certification 2019/20	Cancelled	-	-	-	-	-	-	-	-	-	-	-
Procurement Card Testing	10	-	N/A	N/A	07/21	Y	-	5	-	-	-	-
Totals		171										
RESERVE AUDITS												
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

Audit Title	Democratic Representation	<p>Overview of Subject: The Democratic Services Team deal with the management of committees, actions, and the 31 elected Councillors for the Authority, ensuring that the correct governance is in place, and that members expenses are administered in accordance with the approved schemes.</p> <p>Due to the Covid 19 restrictions special delegations and arrangement were implemented in the year to ensure that important decisions were not delayed due to meetings not being convened.</p>
Report Number	1207	
Year of Audit	2020/21	
Type of Work	Opinion audit	
Assurance Opinion Given	Strong	
Direction of Travel	↔2013/14	
Errors Found	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
Policies and Procedures			-	-	-	2	-	-
Management of Committees			-	-	-	-	-	-
Monitoring of actions arising			-	-	-	-	-	-
Forward Plan and Recording of Decisions			-	-	-	-	-	-
Register of Pecuniary Interests			-	-	-	-	-	-
Members Expenses			-	-	2	-	-	-
Decision making during the pandemic			-	-	-	-	-	-

Audit Title	Service Charges and Recharges – Council Tenants	<p>Overview of Subject: There are currently 2,410 council housing properties, 2,030 of these attract service charges. The costs attributed to the service charges include: Sheltered Housing Management and Support, heating, water, laundry, cleaning and grounds maintenance charges. These costs are apportioned annually to the tenants rent accounts in accordance with the type of tenancy and the number of properties in the block they reside in. Service charges are reviewed annually.</p>
Report Number	1203	
Year of Audit	2020/21	
Type of Work	Opinion audit	
Assurance Opinion Given	Strong	
Direction of Travel	↑ 2018/19	
Errors Found	No	

Areas of Scope	Adequacy and Effectiveness of Controls		New Recommendations Raised			Previous Rec Implementation (E and I only)		
			Essential (🚫)	Important (▲)	Advisory (ℹ️)	Implemented	Cancelled	Not Implemented
Confirmation that processes are in place			-	-	-	-	-	-
Accuracy of utility bills			-	-	-	-	-	-
Calculation of Service Charges			-	-	-	-	-	-
Recovery of Service Charges			-	-	-	-	-	-
Accuracy of Refunds			-	-	-	-	-	-
Error Identification and Management			-	-	-	2	-	-

Audit Title	Accounts Receivable	<p>Overview of Subject: The management of the Authority's income collection is the responsibility of the Exchequer team, who raise and collect sundry debtor invoices, and the Corporate Debt recovery team, who deal with hard to collect outstanding debt. In 2020/21 the Authority raised 6,194 invoices with a total value of £12.1m.</p> <p>A review of sundry and former tenant debt highlighted that the overall level of debt for the previous 3 years has remained relatively stable, although the age of all debt has increased. This is mainly because of the COVID restrictions and the reprioritisation of resources to assist the Council's response.</p>
Report Number	1206	
Year of Audit	2020/21	
Type of Work	Opinion audit	
Assurance Opinion Given	Strong	
Direction of Travel	↔2017-18	
Errors Found	No	

Areas of Scope	Adequacy and Effectiveness of Controls		New Recommendations Raised			Previous Rec Implementation (E and I only)		
			Essential (🚨)	Important (▲)	Advisory (ℹ)	Implemented	Cancelled	Not Implemented
Collection of Debts			-	-	-	1	-	-
Debt Recovery and Write Offs			-	-	-	5	-	-
Refunds			-	-	-	-	-	-
Reconciliations			-	-	-	-	-	-
Debt Levels			-	-	-	-	-	-
Invoice Format			-	-	-	-	-	-
Credit Notes			-	-	-	-	-	-
Bailiffs			-	1	-	-	-	-

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

Important	<p>Bailiffs Progress Reporting – The audit highlighted that debt cases submitted to bailiff agencies are reported on individually but there was a lack of progress reporting on total cases being handled. This information can be requested. It was agreed that a regular reporting structure would be implemented to provide oversight of the agencies progress on cases submitted. Enquiries had already begun to be made with the agencies during the audit.</p>
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Audit Title	Benefits and Local Tax Computer System	Overview of Subject: The Revenues and Benefits Service uses various software to manage the income and expenditure across the borough, including benefits payments and council tax and non-domestic rates income collection. There are four key pieces of software in use. These historically have been installed and utilised on the Fareham Borough Council server, but a project is in place to move them to storage in the Cloud.
Report Number	1209	
Year of Audit	2020/21	
Type of Work	Opinion audit	
Assurance Opinion Given	Strong	
Direction of Travel	↔2006/07	
Errors Found	No	

Areas of Scope	Adequacy and Effectiveness of Controls		New Recommendations Raised			Previous Rec Implementation (E and I only)		
			Essential (🚨)	Important (▲)	Advisory (ℹ️)	Implemented	Cancelled	Not Implemented
Policies Procedures and Contracts			-	-	-	-	-	-
Management of the System			-	1	-	-	-	-
Access Controls			-	-	-	-	-	-
Data Security			-	-	1	-	-	-
Management of down-time			-	-	-	-	-	-

Weaknesses identified during the audit and the proposed action (Essential and Important only)	
Important	It was noted during the audit that a full system recovery exercise had not been undertaken for some time. However, due to improvements in other areas of IT, the need for a full disaster recovery exercise has been negated and going forward is not likely to be required. The terms of the new contract currently being implemented detail that it will be the contractor's responsibility to provide the system with 99.5% availability and to restore it in the event of a failure.

Audit Title	Parking Enforcement	<p>Overview of Subject: Fareham Borough Council is responsible for the Enforcement of off-street parking. The service is managed by the Parking team under the Environmental Health Directorate who issue Penalty Charge Notices (PCN) for parking contraventions. The recovery of funds from liable parties, who are unwilling or unable to pay the imposed fines, is outsourced to external contractors. With effect from April 2020 the responsibility for on-street parking transferred to Hampshire County Council.</p>
Report Number	1208	
Year of Audit	2020/21	
Type of Work	Opinion audit	
Assurance Opinion Given	Strong	
Direction of Travel	↑2015/16	
Errors Found	No	

Areas of Scope	Adequacy and Effectiveness of Controls		New Recommendations Raised			Previous Rec Implementation (E and I only)		
			Essential (🚨)	Important (▲)	Advisory (ℹ️)	Implemented	Cancelled	Not Implemented
Contract Monitoring			-	1	-	-	-	-
Area Coverage			-	-	-	-	-	-
PCN Issues			-	-	-	-	-	-
Early Payment Discount			-	-	-	-	-	-
Appeals			-	-	1	-	-	-
PCN Escalation			-	-	1	-	-	-
Traffic Enforcement Centre			-	-	-	-	-	-
Free Parking Permit Scheme			-	-	-	-	-	-

Weaknesses identified during the audit and the proposed action (Essential and Important only)	
Important	<p>Contract Monitoring - The Authority receives assurance from the Contractor on individual Penalty Charge Notice cases on a monthly basis. The contract entitles the Authority to summarised and statistical data which would provide an overview of the contractor's effectiveness at retrieving funds. It was agreed that this information would be requested regularly to provide further clarity relating to the overall debt recovery rates.</p>

Audit Title	Income Management	<p>Overview of Subject: There are a number of income collection channels used by the council which include postal income, payments at the cash office, automated telephone payments, assisted telephone payments, internet payments and direct to bank payments. The income collection is recorded using a computerised system which has an integrated set of modules, including Income Management and Counter Receipting. There have been a number of upgrades to the system since the last audit including the migration to the Cloud.</p>
Report Number	1205	
Year of Audit	2020/21	
Type of Work	Opinion audit	
Assurance Opinion Given	Reasonable	
Direction of Travel	↔2017-18	
Errors Found	No	

Areas of Scope	Adequacy of controls	Effectiveness of controls	New Recommendations raised			Previous Rec Implementation (E & I only)			
			Essential (☀)	Important (▲)	Advisory (Ⓜ)	Implemented	Cancelled	In Progress	Not Implemented
Income Collection			-	1	-	-	-	-	-
Building Control Income			-	-	-	-	-	-	-
Cash Up and Security of Takings			-	-	-	-	-	-	-
Cash Office Transfer to Bank			-	-	-	-	-	-	-
Cash Office Takings are Banked Intact			-	1	-	-	-	-	-
Maintenance of the C and D Book			-	-	-	-	-	-	-
Suspense Account Clearance			-	-	-	-	-	-	-
Follow Up Recommendations			-	-	-	1	-	1	2

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

<p>Important</p>	<p>Cheques received in the post - All cheques received in the post are recorded daily. Testing revealed that there needed to be more detailed records to facilitate a more effective way of tracing individual cheque payments should the need arise. A new system was implemented during the audit to provide more clarity.</p>
<p>Important</p>	<p>Document Storage – Several documents relating to the end of day cash up procedures are printed and stored in date order. To improve document security and accessibility it was suggested that the documents should be stored electronically. This process has already been started.</p>
<p>Previous Important</p>	<p>Management Information on Payment Channels. It was previously agreed that the Operational Finance team would work with the systems team to develop monthly information on the numbers and values of payments that customers are making by the various payment channels. This action had not been implemented.</p>
<p>Previous Important (x 2)</p>	<p>Payment Card Industry Standards – Two issues highlighted as outstanding in the previous audit regarding the compliance with the Payment Card Industry Standards were followed up:</p> <ul style="list-style-type: none"> (a) A cost-effective solution to encrypting information held on the Chip and Pin devices should be sought – this action is still under review (b) A business continuity plan should be drawn up of actions to be taken if a compromise of card holder data is found or detected – this action is also under review by the Projects Team

Audit Title	Solent Airport Operating Contracts	<p>Overview of Subject: There are two contracts for the two key aspects of the Daedalus site, one relates to the operation of the airfield and the other relates to the operation of Fareham Innovation Centre. The Innovation Centre provides bespoke workspace and business support for growing companies in the marine, aerospace and engineering sectors.</p>
Report Number	1201	
Year of Audit	2020/21	
Type of Work	Opinion audit	
Assurance Opinion Given	Reasonable	
Direction of Travel	No previous Opinion	
Errors Found	Yes - minor	

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
Contract extension – Innovation Centre			-	-	-	-	-	-
Financial Monitoring			-	1	-	-	-	-
Contract Expenditure			-	-	-	-	-	-
Contractor Performance			-	1	1	-	-	-
Debt Collection			-	-	-	-	-	-
Insurance Compliance			-	1	-	-	-	-
Airfield Operation - Insurance			-	-	1	-	-	-
Airfield Operation - Management Fee			-	-	-	-	-	-
Innovation Centre - Management Fee			-	-	-	-	-	-
Income Streams			-	-	-	-	-	-

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

Important	Financial Monitoring - Testing across the audit found some minor discrepancies in the calculations of management fees and the recording of income and expenditure. A reconciliation process will be implemented to ensure that any discrepancies can be resolved in a timely manner.
Important	Contractor Performance – Monthly meetings are held with the Innovation Centre Contractor. However, there was no records of what was agreed at the meeting. Going forward it was agreed that minutes of each meeting would be recorded for reference purposes.
Important	Insurance Compliance - Within the contracts the contractors are required to hold a certain level of specific insurances. Testing found that regular checks are not undertaken to ensure that the contractors are compliant with their contractual insurance obligations. It was agreed that annual compliance checks would be carried out in the future.

Audit Title	Internet and Emails	<p>Overview of Subject: Employee and councillor use of emails and the Internet is managed by the ICT Team who also maintain the anti-virus protection and security levels needed to keep the Authority's network and email traffic secure. The Authority is in the process of moving its storage capacity over to a cloud-based system. Fareham Borough Council has an obligation under GDPR (General Data Protection Regulation) to keep information secure. Due to the COVID19 impact many of the Authority's workforce are now working remotely as opposed to desktop computers housed in the Civic offices, resulting in considerations and changes to adapt to new working methods.</p>
Report Number	1210	
Year of Audit	2020/21	
Type of Work	Computer - Key System	
Assurance Opinion Given	Reasonable	
Direction of Travel	↔ 2006/07	
Errors Found	No	

Areas of Scope	Adequacy and Effectiveness of Controls		New Recommendations Raised			Previous Rec Implementation (E and I only)		
			Essential (🚨)	Important (▲)	Advisory (ℹ️)	Implemented	Cancelled	Not Implemented
Restricted Access			-	-	-	-	-	-
ICT Policies			-	-	-	-	-	-
Email Filters			-	-	-	-	-	-
Virus Protection			-	-	-	-	-	-
Firewalls & Access			-	1	-	-	-	-
Remote Access			-	1	-	-	-	-
Sensitive Users			-	1	-	-	-	-
Security of Email access during Lockdown			-	-	-	-	-	-
Secure Email Facilities			-	-	-	-	-	-
Targeted Monitoring of Emails			-	1	-	-	-	-
Internet Usage			-	-	1	-	-	-

Weaknesses identified during the audit and the proposed action (Essential and Important only)	
Important	Firewalls and Internet Access – ICT are continually updating the firewalls within the Councils IT systems which ensure that access to non-appropriate websites is prevented. However, there is the risk that the firewalls may block access to some legitimate sites that are required by some departments, such as those involved in enforcement activity. To ensure that departments have the website access they need, ICT will arrange for a corporate communication to be sent out to the services to allow them to identify any websites that may be targeted for blocking, which the service still needs.
Important	Remote Access – The methods used by Councillors to access information remotely, as required for their role within the council, is being reviewed. Work has already begun to obtain feedback from Councillors to understand their needs and what support might be required going forward.
Important	Sensitive Users – The ICT team have created a 'sensitive users' list identifying users that have access to sensitive data as part of their job role. Users on this list have to give their authority to a designated member of the ICT team to access their accounts when resolving technical issues. The list is currently under review and consideration will be given to producing a formal corporately agreed criteria to ensure the classification of a sensitive user is consistent.
Important	Targeted Monitoring – Under current procedures employees may be subject to targeted monitoring of their emails for the purposes of an investigation. These instances are very rare, and all such monitoring requests must be properly authorised. Whilst testing verified that there was appropriate authorisation for the release of information by IT, it was agreed that the audit trail of the authorisation could be strengthened.

Audit Title	Cloud Follow Up	<p>Overview of Subject: Migrating to a primarily Cloud based approach to ICT is a key industry and sector trend. At a high level the benefits are well understood; from an IT perspective much of the ‘technical’ work involved in commissioning, supporting and maintaining ICT hardware and software moves to third parties, reducing the need to maintain these skills in-house; for the wider organisation Cloud is a transformative technology, improving resilience and enabling more flexible, location independent working. Weaknesses were previously found with the controls in the processes used by the service and this audit followed up progress in implementing the agreed action plan.</p> <p>The previous audit report was issued in June 2019 with a Limited Audit Assurance Opinion. Four of the original recommendations (three essential) have now been signed off as implemented.</p>
Report Number	1212	
Year of Audit	2020/21	
Type of Work	Opinion audit	
Assurance Opinion Given	Reasonable	
Direction of Travel	↑ 2019/20	
Errors Found	No	

Weaknesses identified during the audit and the proposed action (Essential and Important only)	
Previous Essential x2	Strategy Costing – It was previously recommended that Finance and ICT should work more closely together when managing costs and potential savings from the Cloud Strategy. This audit has shown that, with the improvement of joint working there is greater clarity on costs associated with the Cloud development. The Finance Business Partner also now attends the ICT Strategy Board meetings. However, further clarity is required to enable costs to be tracked to their effect on the revenue budget monitoring.
Previous Essential x3	Communication with Services –The previous audit highlighted that Service areas do not have a clear understanding of what Cloud is, specifically ‘intentions, timescales, benefits and expectations’ and when these are likely to come into effect, both in relation to corporate systems and in relation to core systems used by specific services. A number of actions were agreed on how to engage with the services including developing plans and timescales for the core service applications. Due to the COVID restrictions these actions have been delayed until such time a physical event can be organised.
Previous Essential x3	Income System Contract - A number of issues were previously identified with the current contract documents with the income management system provider and the cloud solution. It was previously recommended that further documents need to be requested and a meeting held between IT and the lead service to agree performance expectations and check these for coverage in the agreement. While a Service Level Agreement (SLA) has not been obtained an equivalent Customer Service Charter has been provided and ongoing work is being undertaken with regards to the recommendations.
Previous Essential x2	Clarification of IT and Service Role - It was previously recommended that at the procurement phase IT be closely involved, supporting services in ensuring that the correct technical metrics are included in contracts/SLAs , to meet service requirements, as systems move to the Cloud. Once systems move to business as usual in the Cloud, IT need to continue to be involved, supporting services in holding providers to the contracted level of service.

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

Previous Important x2	Contract Management of Income Management System provider - It was agreed that performance reporting on the Income Management system on an agreed schedule would be obtained on a quarterly basis. This will be progressed as soon as practicable.
Previous Important	Consideration of Risks in New systems - It was previously recommended that the training needs of the finance systems team should be ready to work in a cloud environment for the new Finance system and to be armed with the questions they should be asking. At the time of audit, the procurement of this system was put on hold, due to COVID-19, with work due to recommence as soon as possible.
Previous Important	Disaster Recovery Plan - It was previously recommended that, once ICT's role regarding Cloud hosted applications is better understood, the IT Disaster Recovery Plan should be updated to reference this accordingly. A complete review of Disaster Recovery was undertaken during 2020 and the required updates are nearing completion.

Audit Title	Community Safeguarding Follow Up	<p>Overview of Subject: Legislation places an obligation on all local authorities to safeguard all children, young people and vulnerable adults from harm, irrespective of ability, background, sexuality, lifestyle, religion or cultural beliefs. Safeguarding procedures should be in place to provide this protection, and all staff and members have a responsibility to be aware of the risks, how to identify issues and how to deal with them. Safeguarding is the responsibility of all Council staff, with the day to day support, with specialist roles by the Community Safety Team.</p> <p>The previous audit highlighted issues in the level of assurance over the training and awareness of FBC staff, members, and contractors undertaking work for FBC. The previous audit report was issued in September 2019. The recommendations arising have been followed but none have yet been signed off.</p>
Report Number	1202	
Year of Audit	2020/21	
Type of Work	Opinion audit	
Assurance Opinion Given	Limited	
Direction of Travel	↔2019-20	
Errors Found	No	

Areas of Scope	Adequacy and Effectiveness of Controls		New Recommendations Raised			Previous Rec Implementation (E and I only)			
			Essential (⚡)	Important (▲)	Advisory (⚠)	Implemented	Cancelled	In Progress	Not Implemented
Contractor Compliance			-	-	-	-	-	2	-
FBC Staff and Officers Safeguarding Training			-	-	-	-	-	-	2
FBC Members Safeguarding Training			-	-	-	-	-	-	1
Centralisation of Safeguarding training records to include Depot staff			-	-	-	-	-	-	1

Weaknesses identified during the audit and the proposed action (Essential and Important only)	
Previous Essential x 2	Compliance to Policy – Contractors – Testing carried out in the previous audit found limited evidence that managers were checking the adequacy of safeguarding arrangements of their Contractors and ensuring that DBS checks had been carried out by the Contractor when required. Progress has been made in the development of additional clauses to be added to contracts as standard, however, this has not yet been approved or issued as an instruction.
Previous Important x 2	Staff and Officers Safeguarding Training – It was previously recommended that the accessibility of the main training currently available to staff should be increased and refresher training should be organised. This should include an appropriate platform for those members of staff without access to the online training available. However, no evidence has been provided to demonstrate any increased availability to staff.
Previous Important	Members’ Training – It was previously recommended that the Safeguarding Policy is complied with, with regard to the completing of Safeguarding awareness training for members. However, no evidence of further Safeguarding training, for Members who have no training recorded, was evidenced during the audit.
Previous Important	Training Records – It was previously recommended that the recording of staff and Members who have undertaken training be reviewed corporately and a system put in place for this. However, no consolidation of Safeguarding training records has been identified.

Audit Title	Procurement Card – Transaction Testing	<p>Overview of Subject: Internal audit carry out several pieces of assurance work each year to support the Head of Audit’s annual opinion. Testing of a sample of Procurement Card transactions for the current financial year 2020/21 was undertaken to ensure that appropriate purchases are being made, and controls and financial prudence are not being weakened during the pandemic.</p> <p>There are 35 card holders across the Authority. For the period April 2020 through to the end of November 2020 there were 986 transactions totalling £178,359. The sample tested included 30 transactions from 22 P-Cards with a total value of £17,168.</p>
Report Number	1220	
Year of Audit	2020/21	
Type of Work	Corporate Assurance Work (WIDER)	
Assurance Opinion Given	N/A	
Direction of Travel	N/A	
Errors Found	Yes	

Areas of Scope	Adequacy and Effectiveness of Controls		New Recommendations Raised			Previous Rec Implementation (E and I only)		
			Essential (🚫)	Important (▲)	Advisory (ℹ️)	Implemented	Cancelled	Not Implemented
VAT Receipts	🟢	🟡	-	1	-	-	-	-
Duplicate Payments	🟡	🟡	-	1	-	-	-	-
Regular use of a Supplier	🟡	🟡	-	1	-	-	-	-
Unrecognised Transactions	🟢	🟡	-	1	-	-	-	-
Purchases made on behalf of another Officer	🟢	🟡	-	1	-	-	-	-

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

Important	VAT Receipts - Some of the transactions tested did not have a supporting VAT receipt to enable the VAT to be reclaimed from HMRC. These were for a higher value than the no receipts threshold that is permitted. Further training has been undertaken with Procurement Card holders to reinforce the requirement to obtain and file VAT receipts.
Important	Duplicate Payments – Testing highlighted a payment in respect of an overdue account. Further investigation found that part of the payment made had already been processed through the Finance System. Checking procedures are being updated and the overpayment has already been reclaimed from the supplier.
Important	Regular payments – One supplier was regularly found to be being paid through P-card rather than the usual ordering system. This supplier will now be set up for payment in the main purchasing system.
Important	Unrecognised Transaction – Testing found a payment which had not been settled at the time of the audit and no action was being taken to pursue it. This transaction has since been confirmed as non-fraudulent.
Important	Purchase made on behalf of another officer - An officer was requested to make a purchase on behalf of another officer but when asked, was unaware what the purchase was going to be used for. Procurement Card holders will be reminded of their responsibilities as a P-card holder.

APPENDIX FOUR

Reference Tables

1. 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.

2. 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.

3. 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.