

# FAREHAM

## BOROUGH COUNCIL

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

**Date:** 27 November 2023

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

**Subject:** HEAD OF INTERNAL 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 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.

## PROGRESS OF THE 2023/24 AUDIT PLAN

2. Work has commenced on 13 (59%) of the 22 audits in the current internal audit plan, as noted in **Appendix One**, such that 4 of the audits have been finalised, 2 are at stage 5 (A first draft of the report has been received by the Support Officer to be reviewed), 6 are at Stage 4 (The Auditor has started to deliver the agreed scope of work) and 1 is at Stage 2 (A scoping meeting has been held with the Sponsor in the client service).

## FINALISING PREVIOUS PLANS

3. There were 6 outstanding audits from the previous Audit Plans. Work has been concentrating on the review of all outstanding audit recommendations which continues to be progressed. 270/420 (64%) of the recommendations have now been allocated to individual auditors leaving 150 to cover by the end of the year.
4. Considerable progress has also been made on the wider piece of work looking at S106 contribution balances and the process flow, which is likely to be concluded by the end of the calendar year.
5. The scope of the Homelessness audit for 2023/24 has also been adapted to allow the closedown of the Housing Options debtors audit from 2018/19, on completion of the review.

## FINDINGS FROM COMPLETED AUDITS

6. Four 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
Planning Applications 2023/24	Strong	-	-	-
Treasury Management 2023/24	Strong	-	2	-
Service Charges and Recharges – Leaseholders - 2022/23	Reasonable	-	3	-
IT Recommendation Follow Up 2023/24	N/A	-	-	3

## **RISK ASSESSMENT**

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

### **Appendices:**

**Appendix One** - Audits in the 2023/24 Plan

**Appendix Two** – Reference Tables

### **Background Papers:**

Head of Audit's quarterly report to the Audit and Governance Committee on 25<sup>th</sup> September 2023.

Head of Audit's quarterly report (including 2022/23 Audit Plan) to the Audit and Governance Committee on 13<sup>th</sup> March 2023.

### **Reference Papers:**

None

### **Enquiries:**

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

## APPENDIX ONE

## AUDITS IN THE 2023/24 PLAN

[illegible]

[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
Home working - risk assessments and confidentiality arrangements (1299)	4											
Targeted Assistance with Recommendation Implementation (ICT) (1300)	10	8	N/A		November 2023	N	-	-	-	-	2	1
RESERVE AUDITS												
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 Two**

## 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.