

FAREHAM

BOROUGH COUNCIL

Report to Audit and Governance Committee

Date: 18 July 2024

Report of: Chief Internal Auditor

Subject: CHIEF INTERNAL AUDITOR'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 all 20 audits in the revised internal audit plan, as noted in **Appendix One**, such that 15 of the audits have been finalised, 2 are at stage 9 (draft report has been issued to the Service Sponsor and is awaiting their response), 1 is at Stage 5 (a first draft of the report has been received by the Support Officer to be reviewed), 1 is at Stage 7 (an exit meeting has been held with the Sponsor giving the preliminary feedback from the work) and 1 is at Stage 4 (the Auditor has started to deliver the agreed scope of work).
3. The Transport Response Unit (TRU) Invoice Management audit from the 2023/24 plan has been postponed until early 2024/25, to allocate time to the recent Fleet Compliance Review.

FINALISING PREVIOUS PLANS

4. There are 5 outstanding audits from the previous Audit Plans. Work is continuing to review all outstanding recommendations.

FINDINGS FROM COMPLETED AUDITS

5. 5 audits have been completed since the last report as highlighted in the table below.

Audit	Assurance Opinion	Recommendations Made		
		New Essential	New Important	Outstanding Previous Essential or Important
Insurance	Strong	-	-	-
Main Accounting System and Budgetary Control	Reasonable	-	1	-
Homelessness	Reasonable	1	3	-
Security and Resilience of Council Networks	Reasonable	-	5	-
Fleet Compliance Review	N/A	6	28	-

6. The inhouse audit team have recently completed a piece of assurance work looking at the basic safety and legal compliance procedures in relation to the Council's fleet of vehicles. This was at the manager's request and so more detailed testing and system analysis than normal was carried out. Generally the

review resulted in strong assurance over legal compliance in the vehicle fleet.

7. The six essential actions that arose from the review largely cover the requirement to update transport policies and staff handbooks and training to ensure that current legislation and local policies are detailed and being adhered to. The important actions relate to a number of administrative procedures and the retention of documentation. Ultimately the service is preparing for the migration of information to the new fleet management computer system.

PROGRESS OF 2024/25 AUDIT PLAN

8. Work has started to deliver the 2024/25 audit plan, as noted in **Appendix Two**, such that 4 audits have now reached the fieldwork stage.

RISK ASSESSMENT

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

Appendices:

Appendix One - Audits in the 2023/24 Plan

Appendix Two – Audits in the 2024/25 Plan

Appendix Three – Reference Tables

Background Papers:

Head of Audit's quarterly report to the Audit and Governance Committee on 11th March 2024.

Reference Papers:

Enquiries:

For further information on this report please contact Mark Somerset. (Tel: 023 9284 1443) or Clare Rogers (Tel: 01329 824691)

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
Insurance (1290)	10	12	Strong	↑ 13/14	July 2024	N	-	-	1	-	-	-
COMPUTER FUNDAMENTAL SYSTEM												
Local Government Software package (1291)	10	10	Strong	N/A	March 2024	N	-	-	-	-	-	-
COMPUTER KEY RISK												
Security and resilience of Council Networks (1292)	10	12	Reasonable	N/A	July 2024	N	-	5	-	-	-	-
CORPORATE, SPECIALIST, GOVERNANCE & RISK												
Fareham Live (1293)	9	15										
WIDER WORK												
Annual Procurement transaction testing (1294)	10		N/A	N/A	March 2024	N	-	13	-	-	1	-
Key Finance System Data Analytics (1295)	Postponed	15										
Accuracy of VAT coding (1296)	4											
Energy Rebates - data matching of 2022/23 payments (1297)	10	8	N/A	N/A	March 2024	Y	-	1	-	-	-	-
Anti-Bribery Arrangements (1298)	9											
Home working - risk assessments and confidentiality arrangements (1299)	10		N/A	N/A	March 2024	N	-	20	-	-	-	-
Targeted Assistance with Recommendation Implementation (ICT) (1300)	10	8	N/A	N/A	November 2023	N	-	-	20	10	2	1
RESERVE AUDITS												

APPENDIX TWO

AUDITS IN THE 2024/25 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												
Accounts Receivable (1303)	1	12										
Accounts Payable (1304)		12										
Local Tax Collection (1305)	4	12										
Fixed Assets (1306)	4	12										
SERVICE AND SYSTEMS – HIGH RISK												
Property Maintenance & Inspections - Council Buildings (1307)		10										
Planned Property Maintenance (1308)		15										
Housing Communal Services (1309)		10										
Housing Delivery & Enabling (1310)		10										
Street Cleansing (1311)		10										
Parking Strategy (Capital Spend) (1312)	4	10										
SERVICES AND SYSTEMS - OTHER												

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.