

FAREHAM

BOROUGH COUNCIL

Report to Audit and Governance Committee

Date: 23 September 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 2024/25 AUDIT PLAN

2. This Work has commenced on 11 (44%) of the 25 audits in the current internal audit plan, as noted in **Appendix One**, such that:
 - 3 are at Stage 1 (The Audit teams have started drawing up the scope of coverage for the assignment),
 - 1 is at Stage 2 (A scoping meeting has been held with the Sponsor in the client service.
 - 4 are at Stage 4 (The Auditor has started to deliver the agreed scope of work),
 - 1 is at Stage 6 (Any additional testing identified has been completed) and
 - 2 are at Stage 10 (The final report has been issued)

FINALISING PREVIOUS PLANS

3. There is 1 audit outstanding from last year's plan which will be completed in the coming months. There are 5 outstanding audits from the previous Audit Plans. Resource is currently being targeted to complete the review of all outstanding recommendations.

FINDINGS FROM COMPLETED AUDITS

4. 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
Fareham Live - 2023/24	Strong	-	-	-
Parking Income - 2023/24	Strong	-	1	-
Service charges (Civic Offices) – 2023/24	Limited	1	2	-
Anti-Bribery Arrangements 2023/24	N/A	1	4	-
Fixed Assets 2024/25	Strong	-	-	1
Local Tax Collection 2024/25	Reasonable	-	2	1

RISK ASSESSMENT

5. There is a risk consideration in relation to this report, arising from the Service Charges (Civic Offices) audit. Testing highlighted calculation errors in respect of three tenants in the Civic Offices which resulted in an underpayment of their Service Charges. Recommendations have been made to address the recovery of the underpayments and to strengthen the controls over invoicing and reconciliation procedures.

Appendices:

Appendix One - Audits in the 2024/25 Plan

Appendix Two – Reference Tables

Background Papers:

Chief Internal Auditor's quarterly report to the Audit and Governance Committee on 18th July 2024.

Enquiries:

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

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.