

FAREHAM

BOROUGH COUNCIL

Report to Audit and Governance Committee

Date: 25 November 2024

Report of: Chief Internal Auditor

Subject: CHIEF INTERNAL AUDITORS 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.

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. The original plan for the year contained 22 audits. There have been some changes to the “wider work” audits in the plan resulting in three follow up audits and one investigation being added (26 items in total).
3. Work has commenced on 16/26 (62%) audits in the current internal audit plan, as noted in **Appendix One**. Four of these are at the testing stage and a further seven have been finalised.

FINALISING PREVIOUS PLANS

4. There is one 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

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

Audit	Audit Plan Type	Assurance Opinion	Recommendations Made		
			New Essential	New Important	Outstanding Previous Essential or Important
Parking Strategy	Opinion	Strong	-	-	-
Private Sector Housing (Enforcement)	Opinion	Reasonable	-	1	-
NFI Data Privacy Notices	Wider	N/A	-	-	-
Grant Certification	Wider	N/A	-	-	-
Daedalus	Investigation	N/A	-	7	-

6. The following summarises the key findings from the completed audits:

Parking Strategy – This audit looked at capital expenditure and the new town centre parking strategy. The focus was on the demolition and reprofiling of town centre car parks. There were no issues arising.

Private Sector Housing (Enforcement) – This is a service provided by the Council and is a means of ensuring that private sector housing properties are in a good

condition and hazard free via a variety of different enforcement actions. The service covers properties across the Boroughs of Fareham and Gosport and is included within the joint Environmental Health Partnership. The audit looked at the enforcement processes in place. The important recommendation raised relates to the access to evidence to verify if a property should be assigned as a House in Multiple Occupation.

National Fraud Initiative (NFI) - Data Privacy Notices – The purpose of this audit was to confirm that privacy notices were up to date on all documents relating to the data sets that are requested biennially for the National Fraud Initiative data matching exercises. There were no issues arising.

Grant Certification - Disabled Facilities Grant - The Authority received grant funding to facilitate adaptations to people's homes so that they may continue to live there. The service is delivered by Portsmouth City Council. An audit by Portsmouth City Council found that the process used by Portsmouth was compliant with the grant conditions. The audit confirmed that the charges levied by Portsmouth were accurate and that spending was compliant. A return to central government has been completed confirming Fareham's compliance as required by the grant conditions.

Daedalus – An unplanned piece of investigative work was carried out at the Daedalus site.

ONGOING INTERNAL AUDIT INVOLVEMENT

7. The Internal Audit Team have been involved in the following work since the last report:

- National Fraud Initiative (NFI) to facilitate national data matching carried out by the Cabinet Office
- Preparation for International Fraud awareness week
- Recommendation management
- National Anti-Fraud Network (NAFN) bulletins and intelligence follow up
- Audit Standards – Preparation for the introduction of the new Global Standards due to be implemented in April 2025
- Advice to services throughout the Council
- Ad-hoc investigations

RISK ASSESSMENT

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

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 23rd September 2024.

Enquiries:

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

APPENDIX ONE

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	Errors Found ? Y/N	New Recommendations		Previous Recs. (E and I only)			
							Essential	Important	Implemented	Cancelled	In Progress	Not Implemented
FUNDAMENTAL SYSTEM AUDITS												
Accounts Receivable (1303)	4	12										
Accounts Payable (1304)	1	12										
Local Tax Collection (1305)	10	12	Reasonable	↓ 21/22	September 2024	N	-	2	4	-	1	-
Fixed Assets (1306)	10	12	Strong	↔ 21/22	September 2024	N	-	-	-	-	1	-
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)	6	10										
Parking Strategy (Capital Spend) (1312)	10	10	Strong	No Previous Audit	November 2024	N	-	-	-	-	-	-

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
SERVICES AND SYSTEMS - OTHER												
Private Sector Housing (Enforcement) (1313)	10	12	Reasonable	No Previous Audit	November 2024	N	-	1	-	-	-	-
COMPUTER – FUNDAMENTAL SYSTEMS												
Homelessness, Prevention and Advice Workflow Management System (1314)		10										
COMPUTER KEY RISK												
ICT Business Continuity (1315)	4	15										
CORPORATE, SPECIALIST, GOVERNANCE AND RISK												
Environmental Health Partnership (1316)	6	10										
Fareham Shopping Centre (1317)		10										
Corporate Governance (1318)		10										
Freedom of Information (1319)	4	10										
WIDER WORK												
Annual Procurement transaction testing (1320)												
Key Finance System Data Analytics (1321)	4											
Grant Certification (1322)	10	-	-	-	November 2024	-	-	-	-	-	-	-

APPENDIX TWO - 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.