

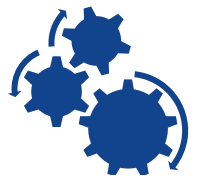


SOUTHAMPTON
CITY COUNCIL

Southampton City Council Annual Audit Report 2019/20

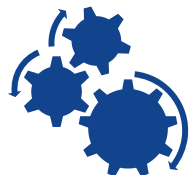
Elizabeth Goodwin, Chief Internal Auditor





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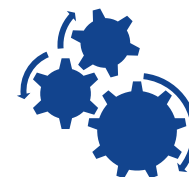
1. Executive Summary

Annual Opinion

On a yearly basis the Chief Internal Auditor is required to form an annual opinion on the effectiveness of the internal control framework in operation at Southampton City Council. This opinion is based on work carried out over the course of the previous financial year (2019/20) and includes an assessment of all results obtained from auditing activities. The details that support the opinion are contained in the body of this report.

The detailed results show a decrease in the number of 'no assurance or limited assurance' audit findings compared to the previous financial year which is an indication that the direction of travel continues to improve. This is a positive indicator despite the overall assurance level of 'limited' that has been attributed to this year which is as a result of pockets of control failures and risk exposure that still require addressing.

It should be noted that the limited opinion attributed for the previous two years (2017/18, 2018/19) and for this year's opinion for 2019/20, were during a period when a previous management team were in place. With effect from late March 2020 the Authority have had a new Management Team in place including a number of new Executive Directors.



2. Background

Public Sector Internal Audit Standards

2.1 On 1st April 2013 the *Public Sector Internal Audit Standards (PSIAS, the Standards)* were formally adopted in respect of local government across the United Kingdom. The *PSIAS* apply to all internal audit providers, whether in-house, shared services or outsourced. The *PSIAS* were revised from 1st April 2016, to incorporate the *Mission of Internal Audit* and *Core Principles for the Professional Practice of internal Auditing*.

2.2 The *Accounts and Audit Regulations 2015 Section 5*, define the requirement for an internal audit function within local government, stating that:

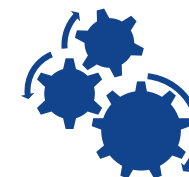
A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance

2.3 The responsibility for maintaining an adequate and effective system of internal audit within Southampton City Council lies with the Executive Director of Finance (Section 151 Officer).

2.4 The Chief Internal Auditor is responsible for effectively managing the internal audit activity, in accordance with the definition of internal auditing, the *Code of Ethics* and the *Standards*.

2.5 In accordance with the *PSIAS* the definition of internal auditing is:

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes



2.6 In addition the Chief Internal Auditor will provide an Annual Internal Audit Opinion, based on an objective assessment of the Authority's framework of governance, risk management and control.

2.7 The Annual Internal Audit Opinion must incorporate:

- The Opinion;
- A summary of the work that supports the Opinion; and
- A statement on conformance with *PSIAS* and the results of the quality assurance and improvement programme.

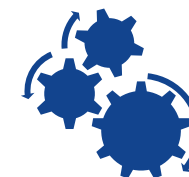
2.8 An annual self-assessment is carried out, as part of *PSIAS*. The assessment for 2019/20 confirmed that Southampton City Council's Internal Audit Service is compliant with requirements.

Statement of Organisational Independence

2.9 The Internal Audit Section has no operational responsibilities for any financial systems, including system development and installation. It does however manage and oversee the arrangements for 'auditing' Direct Payments and provides advice on control implementation and risk mitigation where relevant and throughout the design and implementation stages of new systems.

2.10 The Chief Internal Auditor is free from interference, although has due regard for the Authority's key objectives and risks and consults with Members and Officers charged with governance, when setting the priorities of the annual audit plan, for example; in determining the scope and objectives of work to be carried out and in performing the work and communicating the results of each audit assignment. There must be and is no compromise on the ability of Internal Audit to provide an independent assurance on the control framework.

2.11 The Internal Audit Section has free and unfettered access to the Section 151 Officer, Chief Executive, Monitoring Officer the Leader of the Council and the Chair of the Governance Committee.

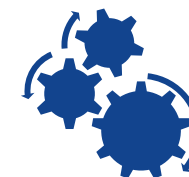


3. Annual Opinion for 2019/20

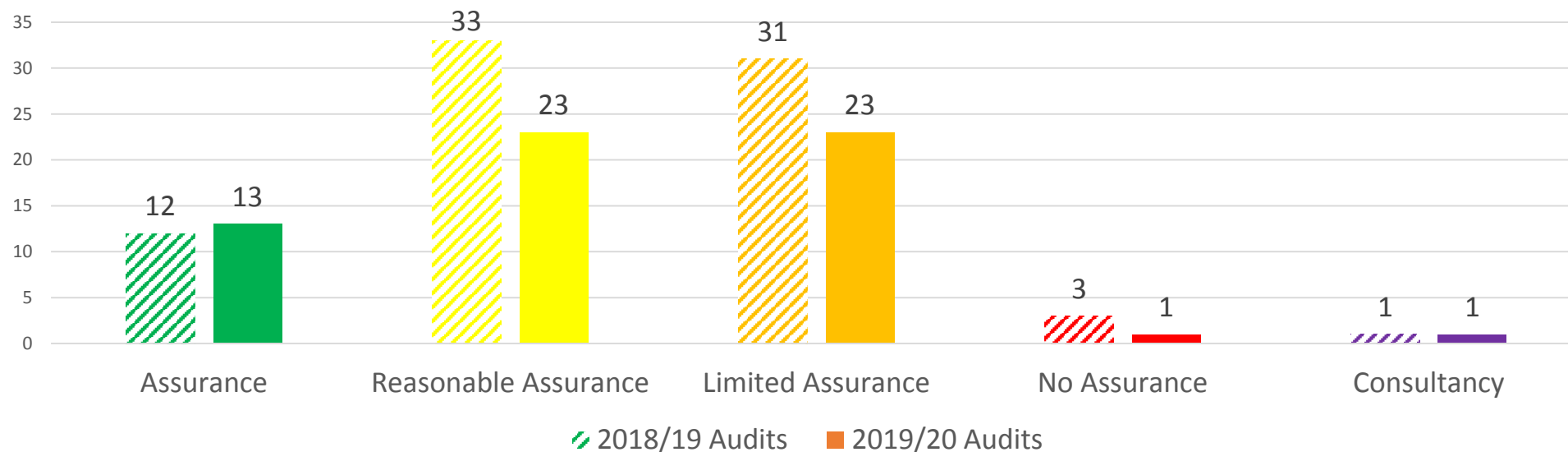
- 3.1 With effect from the 1st April 2017 and in partnership with Portsmouth City Council an in-house team to provide audit service has been established. The team currently consists of an Audit Manager and two Auditors, who are both undertaking professional qualifications. The service is provided by a combination of the in-house provision and colleagues from Portsmouth City Council overseen by a shared Chief Internal Auditor employed by Portsmouth City Council.
- 3.2 Over the course of the year (2019/20) the audit service has completed 61 reviews, 75 were planned however due to the COVID 19 pandemic, and 14 audits were deferred to the 2020/21 plan to limit the impact on critical services and as a result of redeployment of audit staff. The audits completed include a combination of full audits and follow up reviews. The results of the work carried out show that the level of limited and no assurance reviews have decreased slightly from 43% to 39% from the previous year which would indicate that improvements are continuing and that the effectiveness of the internal control environment is therefore also improving. An area that still requires work is in relation to movement on the implementation of agreed actions to resolve risk exposure indicating that the Authority still has a number of areas that it needs to address.
- 3.3 Four audit opinion levels are in place and these are: no assurance, limited assurance, reasonable assurance and full assurance. Where there are mainly medium or low risk exceptions the annual audit opinion would be reasonable or full assurance. As a result of the findings summarised above and detailed in this report the audit opinion for 2019/20 is **limited assurance**.



- 3.4 Any significant corporate weaknesses and agreed actions will be reflected in the Annual Governance Statement. The impact of the Internal Audit work for 2019/20 may affect that year's work for External Audit. It may also inform their work for 2020/21 and where they consider there are weaknesses in control that could materially affect the accounts they may need to carry out further work to gain the necessary audit assurance required, for a true and fair view of the financial position and compliance with professional codes of practice.

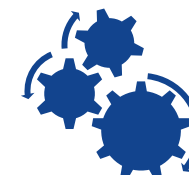


4. Comparative 2018/19 & 2019/20 Audit Assurance Levels

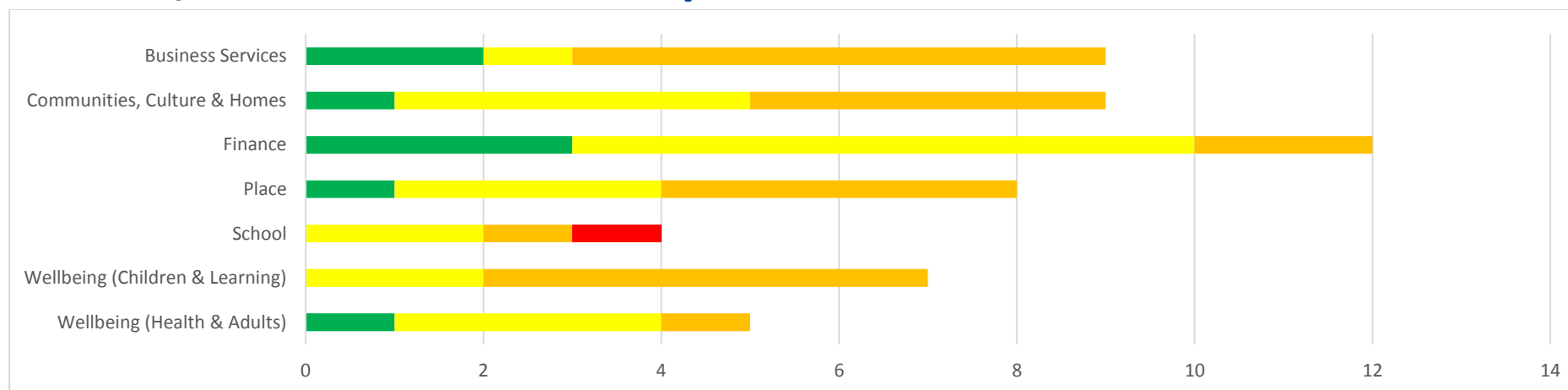


Note: In the table below the numbers in brackets indicate audit reports that remain in draft but have a provisional overall assurance opinion. Although each report is close to be finalised the assurance levels for these 5 audit audits could be subject to change.

	2018/19	2019/20	TOTAL
Assurance	12	13	25
Reasonable Assurance	33	22 (+1)	56
Limited Assurance	31	19 (+4)	54
No Assurance	3	1	4
Consultancy	1	1	2
TOTAL	80	61	141

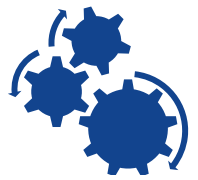


5. 2019/20 Audit Assurance by Executive Directorate



	Assurance	Reasonable Assurance	Limited Assurance	No Assurance	TOTAL
Business Services	2	1	6	0	9
Communities, Culture & Homes	1	4	4	0	9
Finance	3	7	2	0	12
Place	1	3	4	0	8
School	0	2	1	1	4
Wellbeing (Children & Learning)	0	2	5	0	7
Wellbeing (Health & Adults)	1	3	1	0	5
TOTAL	8	22	23	1	54*

*The breakdown per executive directorate does not include the 6 assurance grant certifications and the 1 piece of consultancy work.



6. Key Areas of Concern

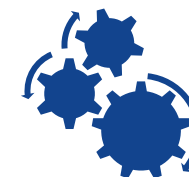
6.1 During 2019/20 one review resulted in a **no assurance** report and is summarised below:

- **St Monica School** Further details on this report are attached in Appendix B.

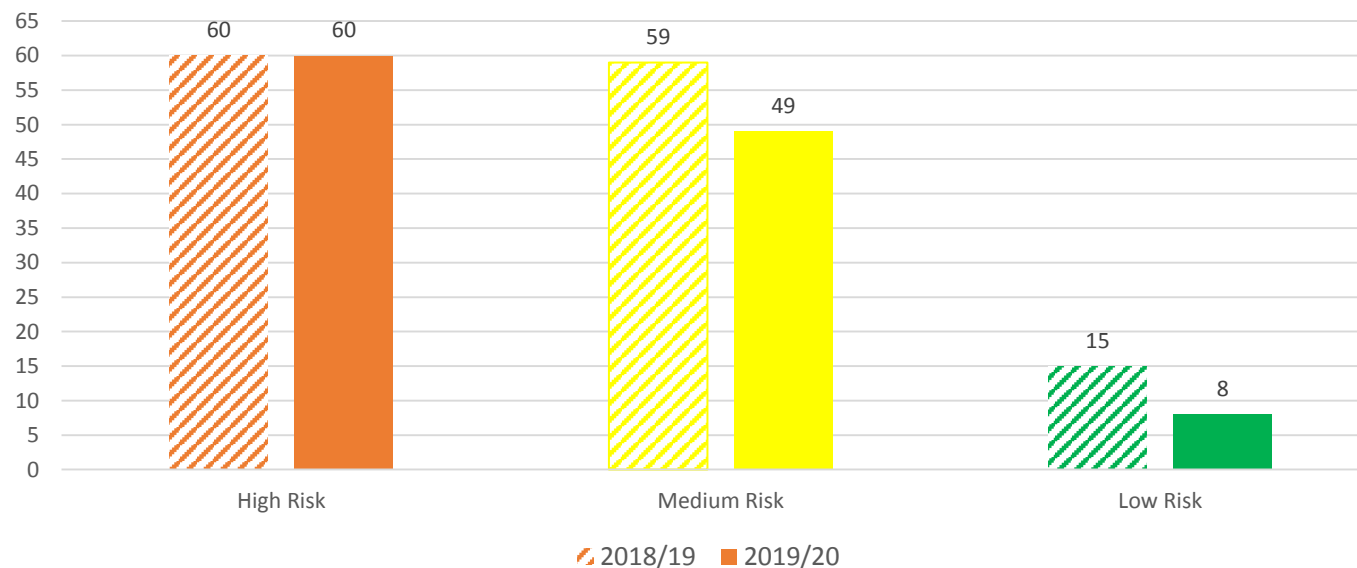
6.2 An areas of concern is in relation to the lack of movement to implement agreed actions to mitigate risk exposure. As noted in the 2019/20 Follow Up Analysis (detailed on page 11) only 34% of the 70 exceptions followed up through 2019/20 had been actioned within the agreed timeframe, meaning 66% is currently outstanding. This is reflective across the organisation. Proposed actions to address this issue have been impacted by COVID-19 and additional steps have been agreed by the Executive Management Board moving forward. This will include second follow up reviews and enhanced reporting on any areas outstanding to members to the Executive Management Board.

6.3 Over the course of the year a number of reviews have resulted in limited assurance being attributed as an overall opinion. There are no particular patterns or trends emerging across the organisation in terms of these reviews. Risk exposure in relation to Compliance with Rules, Regulations and Legislation as detailed in 2019/20 Risk Level by Risk Classification will always be highlighted due to the level of testing under compliance. Any specific concerns will always be factored in if relevant to the Annual Governance Statement.

6.4 Our opinion is in relation to work performed during 2019/20 to which in the later stages the COVID-19 pandemic occurred. There will inevitably be some issues emerging as a result of arrangements and procedures enacted due to the pandemic. However, these are not included at this time of reporting.

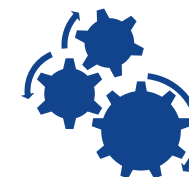


7. Comparative 2018/19 & 2019/20 Exception Risk Rankings

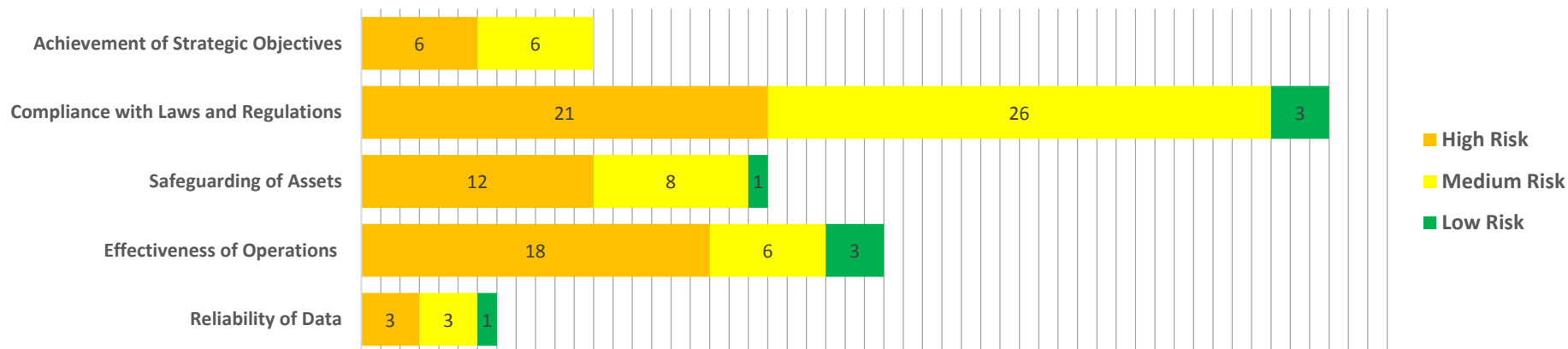


	2018/19	2019/20	TOTAL
Critical Risk	0	0	0
High Risk	60	47 (+13)	120
Medium Risk	59	44 (+5)	108
Low Risk	15	7 (+1)	23
TOTAL	134	117	

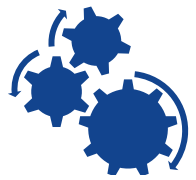
Note: In the table below the numbers in brackets indicate exceptions from audit reports that remain in draft but have a provisional risk rating. Although each report is close to be finalised the assurance levels for these 10 exceptions could be subject to change.



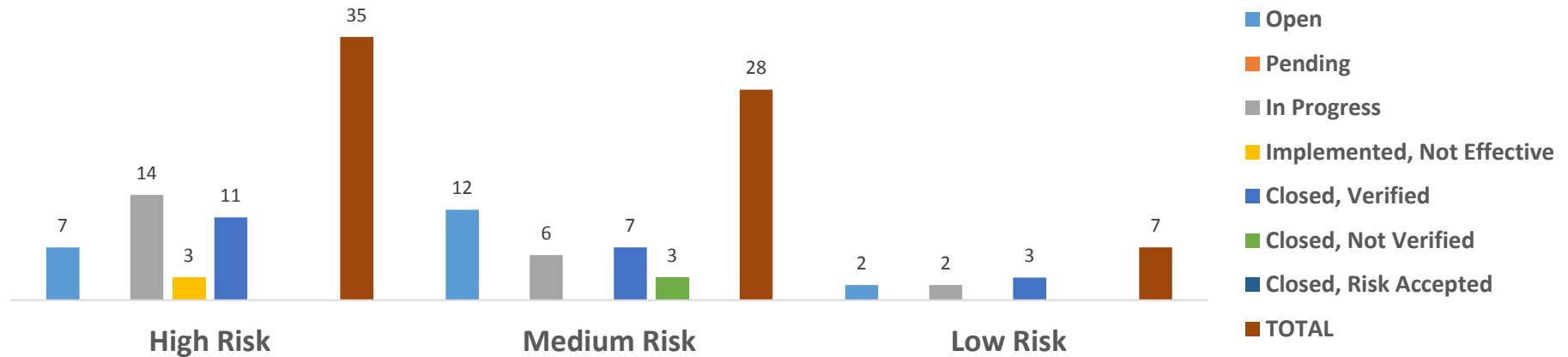
8. 2019/20 Exception Analysis by Risk Classification



	High Risks	Medium Risks	Low Risks	TOTAL
Achievement of Strategic Objectives	6	6	0	12
Compliance with Laws and Regulations	21	26	3	50
Safeguarding of Assets	12	8	1	21
Effectiveness of Operations	18	6	3	27
Reliability of Data	3	3	1	7
TOTAL	60	49	8	

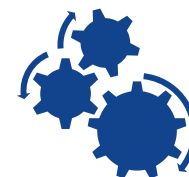


9. 2019/20 Follow Up Analysis



	Open	Pending	In Progress	Implemented, Not Effective	Closed, Verified	Closed, Not Verified	Closed, Risk Accepted	TOTAL
High Risk	7	0	14	3	11	0	0	35
Medium Risk	12	0	6	0	7	3	0	28
Low Risk	2	0	2	0	3	0	0	7
TOTAL	21	0	22	3	21	3	0	70

Internal Audit follows up exceptions where at least one high risk exception has been raised. Exceptions are followed up in the next financial year, to allow for agreed actions to be sufficiently implemented. Any critical risk exceptions are followed up within three months due to the potential severity of the risks identified. The overall position of the 70 exceptions followed up through 2019/20 shows that 34% have been closed by audit, however 66% are overdue.



10. Quality Assurance

- 10.1** As part of the *Public Sector Internal Audit Standards* the Chief Internal Auditor is required to maintain a quality assurance and improvement programme (QA&IP) that covers all aspects of the internal audit activity. This QA&IP must include both internal and external assessments, which are detailed below under section 14.
- 10.2** In addition to this, quality and improvement requirements are assessed by means of:
- a. Sign off by the Chief Internal Auditor or Deputy of all key stages of an audit, for example the scope of work and level of testing to be performed, the conclusion of the work and opinion formed followed by a review of the draft and final reports.
 - b. Weekly 1:1s with all members of staff, within Internal Audit and colleagues who undertake Counter Fraud activities.
 - c. Annual performance reviews of all staff, including the identification and provision of training. The majority of training needs are provided by a combination of external professional studies, supporting by in-house provisions and mentoring.
 - d. All staff above Auditor level are required to undertake professional training or have achieved an education level of degree or above. For those that have completed professional studies as part of their professional body membership, much complete the required Continuous Professional Development
 - e. An annual skills gap analysis across the team, (this includes the wider team) to determine specific potential shortages or gaps. Whilst no major gaps are noted at present, historical gaps in areas such as project auditing, contract auditing and IT auditing have been identified following the departure of employees (including retirement). These shortfalls have been addressed by specified recruitment, bespoke training or if required short term, by means of additional sign off/ mentoring of staff. Areas requiring improvement for this year's assessments are noted below, Skills Gap Analysis Results (10.3).
 - f. All staff complete an annual declaration of interests including a nil return, to avoid any impingement on independence or conflict of interest.
 - g. Director feedback will be requested during 2020/21 in order to ascertain whether the service provided complies with *PSIAS*.

Skills Gap Analysis for 2019/20

10.3 Essential Areas: where greater coverage of skills is needed moving forward:

- *Auditing, Specialist IT Auditing skills:* these are limited within the overall service with only two officer currently qualified with a third part-qualified. To address this shortfall, professional training will continue be undertaken for the third officer and use will also be made of resources employed elsewhere under the various partnerships and shared service arrangements.



11. 2019/20 Audits Completed - not previously reported

IT Applications & Operating Systems - Business Services – Owner: James Strachan

Exceptions Raised

Critical	High	Medium	Low
0	0	0	0

Overall Assurance Level

Assurance

Assurance Level by Scope Area

Achievement of Strategic Objectives	Assurance
Compliance with Policies, Laws & Regulations	Assurance
Safeguarding of Assets	No Areas Tested
Effectiveness and Efficiency of Operations	No Areas Tested
Reliability and Integrity of Data	Assurance

No exceptions were raised as a result of this audit. Based on testing conducted Internal Audit can offer assurance that the agreements for the IT applications sampled were of low risk to the authority.

Annual Governance Statement – Corporate – Owner: Peter Rogers

Exceptions Raised

Critical	High	Medium	Low
0	0	0	0

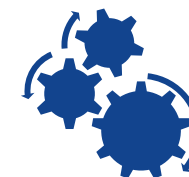
Overall Assurance Level

Assurance

Assurance Level by Scope Area

Achievement of Strategic Objectives	No Areas Tested
Compliance with Policies, Laws & Regulations	No Areas Tested
Safeguarding of Assets	No Areas Tested
Effectiveness and Efficiency of Operations	No Areas Tested
Reliability and Integrity of Data	Assurance

No exceptions were raised as a result of this audit. Based on testing conducted Internal Audit can offer assurance that the completion of AGS Self-Assessment is in line with our findings and judgement.



Treasury Management – Finance and Commercialisation – Owner: Steve Harrison

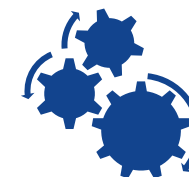
Exceptions Raised				Overall Assurance Level	Assurance Level by Scope Area	
Critical	High	Medium	Low	Assurance		
0	0	0	0			Achievement of Strategic Objectives
					Compliance with Policies, Laws & Regulations	Assurance
					Safeguarding of Assets	Assurance
					Effectiveness and Efficiency of Operations	Assurance
					Reliability and Integrity of Data	No Areas Tested

No exceptions were raised during the audit. Based on testing conducted Internal Audit can offer assurance that the arrangements in place for the management and oversight of the treasury management function are sound.

Trees Income Collection – Place – Owner: David Tyrrie

Exceptions Raised				Overall Assurance Level	Assurance Level by Scope Area	
Critical	High	Medium	Low	Assurance		
0	0	0	1		Agreed actions are scheduled to be implemented by April 2021	Achievement of Strategic Objectives
				Compliance with Policies, Laws & Regulations		Assurance
					Safeguarding of Assets	Assurance
					Effectiveness and Efficiency of Operations	Assurance
					Reliability and Integrity of Data	No Areas Tested

One low risk exception has been raised in relation to the fees and charges having not been subject to a review since the in-house team was formed back in 2016.



Housing Benefit (Universal Credit Processes) – Finance and Commercialisation – Owner: Nigel Ashton

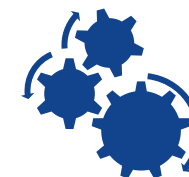
Exceptions Raised				Overall Assurance Level	Assurance Level by Scope Area	
Critical	High	Medium	Low	Reasonable Assurance		
0	0	1	0	Agreed actions are scheduled to be implemented by December 2020	Achievement of Strategic Objectives	Reasonable
					Compliance with Policies, Laws & Regulations	Assurance
					Safeguarding of Assets	Assurance
					Effectiveness and Efficiency of Operations	Assurance
					Reliability and Integrity of Data	No Areas Tested

One medium risk exception was raised in relation to the systems automated procedures. In 1/10 cases sampled, housing benefit was suspended for an applicant who lived in exempt or temporary accommodation. In conclusion, although there are wider issues with the implementation of Universal Credit nationally, claims are being dealt with effectively at the local level.

Museums – Communities Culture & Homes – Owner: Carolyn Abel

Exceptions Raised				Overall Assurance Level	Assurance Level by Scope Area	
Critical	High	Medium	Low	Reasonable Assurance		
0	0	2	0	Agreed actions are scheduled to be implemented by March 2020	Achievement of Strategic Objectives	Assurance
					Compliance with Policies, Laws & Regulations	Reasonable
					Safeguarding of Assets	Reasonable
					Effectiveness and Efficiency of Operations	Assurance
					Reliability and Integrity of Data	No Areas Tested

The first medium risk was raised due to the stock count sheets showing discrepancies between the system records and physical stock for five items. The second medium risk was in relation to there being no renewal dates or reminders sent to annual pass holders.



Flood Risk Management – Place – Owner: Peter Boustred

Exceptions Raised				Overall Assurance Level	Assurance Level by Scope Area	
Critical	High	Medium	Low	Reasonable Assurance		
0	1	2	0		Agreed actions are scheduled to be implemented by September 2020	Achievement of Strategic Objectives
				Compliance with Policies, Laws & Regulations		Reasonable
					Safeguarding of Assets	No Areas Tested
					Effectiveness and Efficiency of Operations	Assurance
					Reliability and Integrity of Data	Limited

The high risk exception has been raised in relation to non-compliance with an element of the grant conditions. The first medium risk relates to the Local Flood Risk Management Strategy (requirement of the Flood and Water Management Act 2010) being overdue a review. The second medium risk is in relation to insufficient evidence to confirm that all out of office flooding incidents are being logged centrally.

Insurance – Finance and Commercialisation – Owner: Steve Harrison

Exceptions Raised				Overall Assurance Level	Assurance Level by Scope Area	
Critical	High	Medium	Low	Reasonable Assurance		
0	0	3	2		Agreed actions are scheduled to be implemented by June 2020	Achievement of Strategic Objectives
				Compliance with Policies, Laws & Regulations		Reasonable
					Safeguarding of Assets	No Areas Tested
					Effectiveness and Efficiency of Operations	Assurance
					Reliability and Integrity of Data	Reasonable

The first medium risk is in relation to there being no formal procedures or process notes for processing claims, claims are paid in cheque which is costly and tested found issues with 3/12 claims caused by delays in receiving/chasing information. The second medium risk relates to IDEA Data Matching identifying three vehicles on the insurance schedule but were not currently used vehicles (1 unknown, 1 scrapped, 1 disposed). The final medium risk relates to there being no evidence that reconciliations of the 'LACHs insurance' system and Business World being carried out. Low risks have been raised in relation to standardised recharges and a lack of analysis of claims to identify trends.



Electric Vehicle Charging Points Installation Contract – Place – Owner: Peter Boustred

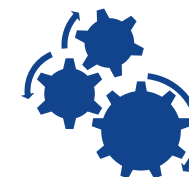
Exceptions Raised				Overall Assurance Level	Assurance Level by Scope Area	
Critical	High	Medium	Low	Limited Assurance		
0	3	1	0	<p>Agreed actions are scheduled to be implemented by August 2020</p>	Achievement of Strategic Objectives	Assurance
					Compliance with Policies, Laws & Regulations	Limited
					Safeguarding of Assets	No Conclusion
					Effectiveness and Efficiency of Operations	Limited
					Reliability and Integrity of Data	No Areas Tested

The first high risk has been raised in relation to the lack of monitoring of contractual elements due to insufficient maintenance information. Furthermore, a maintenance report noted 8 incidents where the downtime was over 5 days between April 2019 and February 2020. The second high risk is in relation to a lack of filed documentation including method, risk assessments, on site health and safety inspections and post installation checks. The final high risk is in relation to there being no checks made on quotes and invoices received by the supplier to ensure pricing was compliant with the framework. Finally, the medium risk was in relation to there being no evidence of consultation and approval regarding the charging points.

Recruitment and Retention – Business Services – Owner: Janet King

Exceptions Raised				Overall Assurance Level	Assurance Level by Scope Area	
Critical	High	Medium	Low	Limited Assurance		
0	4	0	0	<p>Agreed actions are scheduled to be implemented by August 2020</p>	Achievement of Strategic Objectives	Limited
					Compliance with Policies, Laws & Regulations	Limited
					Safeguarding of Assets	No Areas Tested
					Effectiveness and Efficiency of Operations	Limited
					Reliability and Integrity of Data	No Areas Tested

The first high risk relates to there being no specific policy and/or procedure on succession planning. The second high risk covers there being no formal advertisement for 1/11 posts sampled nor was there a formal interview undertaken. Furthermore, there was limited documentation of decision making and the manager undertook activities without HRs knowledge. The third high risk is in relation to documentation not being held in employees’ files including references, medical clearance, formal offer letters, confirmation of qualifications and employment history. In addition, DBS checks were being stored which is not compliant with the authority’s Disclosure and Barring Policy. The final high risk highlighted a lack of effective management training for essential recruitment.



Health & Safety – Business Services – Owner: Janet King

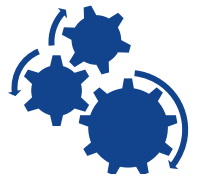
Exceptions Raised				Overall Assurance Level	Assurance Level by Scope Area	
Critical	High	Medium	Low	Limited Assurance		
0	4	2	0	Agreed actions are scheduled to be implemented by May 2020	Achievement of Strategic Objectives	No Areas Tested
					Compliance with Policies, Laws & Regulations	Reasonable
					Safeguarding of Assets	No
					Effectiveness and Efficiency of Operations	Limited
					Reliability and Integrity of Data	No Areas Tested

The first high risk relates to 3/10 City Services risk assessments requiring updating with 20% of total risk assessments reviewing a review. The second high risk relates to there being outstanding actions from fire risk assessments, while some are being actively addressed some risks were identified in 2017. The third high risk relates to there being no reports able to be produced on employees’ health and safety training records. The final risk relates to the timeliness of reviewing incidents, testing sampled 20 cases between August 2018 and 2019 and found that for 8/20 there was a lengthy period from incident to management review. The medium risks relate to cases in the H&S database some form of review and 8/15 Safe Working Procedures sampled requiring a review.

St Monica Primary School – Owner: Governing Body and Head Teacher

Exceptions Raised				Overall Assurance Level	Assurance Level by Scope Area	
Critical	High	Medium	Low	No Assurance		
0	12	3	1	Agreed actions are scheduled to be implemented by June 2020	Achievement of Strategic Objectives	Limited
					Compliance with Policies, Laws & Regulations	Limited
					Safeguarding of Assets	Limited
					Effectiveness and Efficiency of Operations	Limited
					Reliability and Integrity of Data	Reasonable

See appendix B for further details on the audit findings.

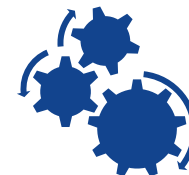


Family Matters Grant

Grant Verification – Based on testing completed there is sufficient evidence to support that the authority is adhering to the conditions of the grant. A statement to that effect has been provided as required by the grant determination.

Business World Consultation

Consultation work undertaken to provide guidance and input on risk management and control mechanisms.



12. Follow-Up Audits Completed - not previously reported

Asset Management – Place – Owner: Tina Dyer-Slade

Original Exceptions Raised

Critical	High	Medium	Low
0	2	0	0

Latest implementation date scheduled during the original audit was in August 2019

Original Assurance Level

Limited Assurance

Follow-up Assurance Level

Limited Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	2 (High)	0	0	0	0	0

Follow up testing identified that master spreadsheets have since been created to monitor both lease renewals but currently 110 rent reviews and 99 lease renewals are overdue. The second high risk in relation to incorrect invoicing remains in progress while Business World integration with Tech Forge is being worked on.

Data Management – Business Services – Owner: James Strachan

Original Exceptions Raised

Critical	High	Medium	Low
0	2	1	0

Latest implementation date scheduled during the original audit was in December 2019

Original Assurance Level

Limited Assurance

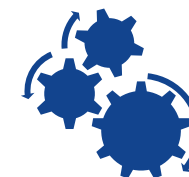
Follow-up Assurance Level

Reasonable Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
1 (High)	0	0	0	1 (High)	1 (Medium)	0	0

Follow up testing found that the high risk in relation to low compliance rates for records management has been closed and verified due to the work being undertaken to contact service areas with low compliance and the information governance (IG) bulletins being sent to staff. One high risk remains open due to the project to address the deletion of sensitive data from systems still requiring a business plan. The medium risk has been actioned but not verified.



Events – Communities, Culture & Homes – Owner: Carolyn Abel

Original Exceptions Raised

Critical	High	Medium	Low
0	3	2	0

Latest implementation date scheduled during the original audit was in August 2019

Original Assurance Level

Limited Assurance

Follow-up Assurance Level

Reasonable Assurance



Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	0	1 (High)	2 (High) 2 (Medium)	0	0	0

Follow up testing identified that two high and two medium risks have been closed and verified following the agreed actions being completed. One high risk relating to testing initially identifying 4/9 event risk assessments having not been completed. Follow up testing on 10 new events found 1 event risk assessments had not been completed.

Housing Depot (Responsive Repairs) – Finance – Owner: Nigel Ashton

Original Exceptions Raised

Critical	High	Medium	Low
0	2	1	0

Latest implementation date scheduled during the original audit was in October 2019

Original Assurance Level

Limited Assurance

Follow-up Assurance Level

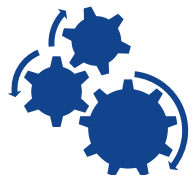
Reasonable Assurance



Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
1 (High)	0	1 (High)	0	0	1 (Medium)	0	0

Follow up testing identified that one high risk remains open as managers are unable to monitor Maintenance Recovery Charges being raised, which could lead to the raising of incorrect invoices. The second high risk remains in progress as the number of responsive repairs checks has risen 89% and quality control has risen by 43% but still remain behind target. The medium risk has been closed.



Independent Fostering Arrangements – Wellbeing (Children and Learning) – Owner: Martin Smith

Original Exceptions Raised

Critical	High	Medium	Low
0	4	0	0

Latest implementation date scheduled during the original audit was in December 2019

Original Assurance Level

Limited Assurance

Follow-up Assurance Level

Limited Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	1 (High)	2 (High)	1 (High)	0	0	0

Follow up testing identified that one high risk has been closed and verified. One high risk in relation to individual placement agreements (IPA) not being signed by providers follow up testing found that 7/10 had not been signed so the exception remains in progress. For the final two high risks testing found that the actions had been implemented but were not effective. In the first instance follow up testing found that 3/10 IPAs had not stated the outcome of the placement and in the second instance testing found 2/10 risk assessments were not completed and 5/10 Form F forms were not cited on Paris.

Learning and Development – Business Services – Owner: Janet King

Original Exceptions Raised

Critical	High	Medium	Low
0	3	1	0

Latest implementation date scheduled during the original audit was in December 2019

Original Assurance Level

Limited Assurance

Follow-up Assurance Level

Limited Assurance

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	3 (High) 1 (Medium)	0	0	0	0	0

Follow up testing identified that, for the first high risk, Childrens Services (CS) have refined training needs but pro-active service and authority wide training needs analysis has yet to commence. For the second high risk CS have developed a guide to review mandatory training compliance however a more general list for all staff is yet to be developed. For the third high risk Organisation Development (OD) have been working with procurement to ensure value for money is achieved. The working up of central average costs as agreed in the initial audit has not yet been completed. For the medium risk identified the services are using 'Course booker' system which has the ability to collect and collate feedback but this is not yet in place.



Leaseholder Charges – Communities, Culture & Housing – Owner: Steve Smith

Original Exceptions Raised

Critical	High	Medium	Low
0	1	0	1

Latest implementation date scheduled during the original audit was in June 2019

Original Assurance Level

Limited Assurance

Follow-up Assurance Level

Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	0	0	1 (High) 1 (Low)	0	0	0

All exceptions raised in the original report are now closed.

Pest Control – Place – Owner: David Tyrrie

Original Exceptions Raised

Critical	High	Medium	Low
0	1	5	0

Latest implementation date scheduled during the original audit was in December 2018

Original Assurance Level

Limited Assurance

Follow-up Assurance Level

Limited Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
1 (Medium)	0	1 (High) 2 (Medium)	0	2 (Medium)	0	0	0

Follow up testing identified that the high risk exception remains in progress as although responsibilities for refunds have become more clearly defined, audit was only able to evidence 4/37 refunds had been authorised by the Team Leader. A medium risk relating to validating customer benefit references for refunds remains open as the option to make the field mandatory is currently being investigated. The second medium risk is in progress due to movement being made with 25/26 of contracts appearing on the contract log with a further school SLA missing. The second medium risk in progress is in relation to there still being a delay in recharging services. The final two medium risks have been closed and verified.



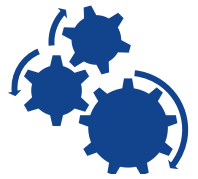
13. COVID-19 Impact on Audit Work

13.1 Following the outbreak of COVID-19 normal auditing activities were suspended if they required client involvement and input. Any audits that could be undertaken without client involvement were continued with a number of audits being deferred to the 2020/21 Audit Plan (see below). In addition to this and during the pandemic, the in-house internal auditors were redeployed to support critical services. Work undertaken in relation to COVID-19 will be reported to this committee in the form of Progress Reports through the course of 2020/21.

13.2 The following changes have been made to the plan since the February Governance Committee.

Audits deferred to 2020/21 Audit Plan due to COVID-19 pandemic:

- Appointeeships
- Asbestos
- Bank Account
- Customer Services
- IT Procurement and Disposal
- IT Project (Paris)
- MASH (Multi-Agency Safeguarding Hub)
- Mobile Devices
- Payroll
- Procurement
- Purchasing Cards
- Refunds
- Waste Operations
- Water Quality



14. Public Sector Internal Audit Standards

Introduction

- 14.1** Under the *Public Sector Internal Audit Standards (PSIAS, the Standards) Standard 1310* requires that, as part of the quality assurance and improvement programme internal and external assessments (of conformance with the *PSIAS*) must be undertaken. *Standard 1311* allows for periodic self-assessments, which has been performed on an annual basis for Southampton City Council but also wider on Portsmouth City Council. The results of the self-assessment have been communicated annually alongside the annual audit opinion to this committee.
- 14.2** *Standard 1312* requires that an external assessment must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The Standards state that a qualified assessor demonstrates competence in two areas; the professional practice of internal auditing and the external assessment process. Competence can be demonstrated through a mixture of experience and theoretical learning. An independent assessor means not having an actual or perceived conflict of interest and not being part of, or under the control of, the organisation to which the internal audit activity belongs. During 2017/18 an external assessment was undertaken on Portsmouth City Council's Internal Audit & Counter Fraud Service and an external assessment will be commissioned for Southampton City Council during the next five years.