

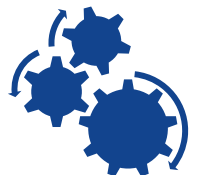


**SOUTHAMPTON**  
CITY COUNCIL

## **Southampton City Council Annual Audit Report 2021/22**

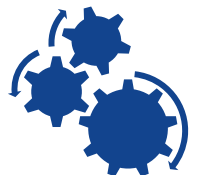
**Elizabeth Goodwin, Chief Internal Auditor**





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## 1. Executive Summary

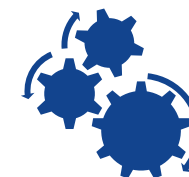
### Annual Opinion

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 (2021/22) and includes an assessment of results obtained from auditing activities. The details that support the opinion are contained in the body of this report.

In summary the results show that improvements have been maintained from the previous year to the extent that the overall opinion level can increase to 'Reasonable Assurance'. An improvement from previous years which were rated as 'Limited Assurance'. The results across audit work performed during 2021-22 have not identified any systemic failings. There are pockets however, across the council that require further work to enhance the control environment, some of these areas have been impacted by structural changes, that will need to settle. The impact of Covid 19 and changes to working patterns, including transformational changes across the council, currently taking place, may also highlight additional areas, for focus and auditing over time.

### Progress Update

In addition to the annual opinion this report also covers the final, previously unreported audit areas completed since the last reporting period. All audit activities have now been closed as completed.



## 2. Background

### Public Sector Internal Audit Standards

**2.1** On 1<sup>st</sup> 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 1<sup>st</sup> 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*

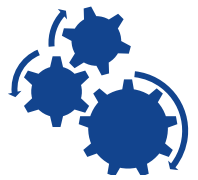
**2.3** The responsibility for maintaining an adequate and effective system of internal audit within Southampton City Council lies with the Executive Director of Finance, Commercialisation & s151 Officer.

**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.

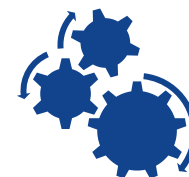
**2.8** An annual self-assessment is carried out, as part of *PSIAS*. The assessment for 2021/22 confirmed that Southampton City Council's Internal Audit Service is compliant with requirements.

### 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 2021/22

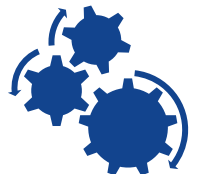
- 3.1 With effect from the 1<sup>st</sup> of April 2017, in partnership with Portsmouth City Council, an in-house team to provide the internal audit service was established. The team currently consists of an Audit Manager and two Auditors, who are both undertaking professional qualifications. The service 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 During 2021-22 Internal Audit & Counter Fraud completed 33 audits (including 2 items of consultancy), 15 grant reviews, 14 first follow ups and 8 second follow ups. The results show that the level of 'No Assurance' audited areas have decreased from the previous year, as none were raised during 2021-22. Grants and consultative work are excluded from the annual evaluation as no opinion is given for consultancy items and if the work is grant related, assurance is provided. This is either immediately, at the conclusion of testing or following required amendments to ensure that the expenditure complies with the terms and conditions of the grant.
- 3.3 70% of areas tested were rated as 'reasonable assurance' or 'assurance', consistent with the previous year. This is a strong indication that improvements evidenced over the last two years have been maintained. In addition, the 2021-22 results have not identified systemic failings. There are areas, across the council that require further work to enhance the control environment and the impact of Covid 19 and changes to working patterns, may highlight additional areas for focus and auditing over time.
- 3.4 Over several years a residual issue has been highlighted in the number of outstanding actions for implementation. This year there has been continued progress as 47% of risks exceptions have been closed. This is also reflected in that 68% of follow up audits achieved improvement for the opinion level, with only 32% remaining the same, due to insufficient movement to deliver actions. Based on all the above, particularly, sustained stability across two years 'Reasonable Assurance' has been attributed to the effectiveness of the control framework in operation. This is an improvement from prior years where 'limited assurance' was given. However as stated the evidence shows consistency and is therefore within the boundaries of a reasonable assessment.
- 3.5 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. Reasonable Assurance is provided for this year, with the above narrative that the internal control framework in operation at Southampton City Council is improving.

Full Assurance

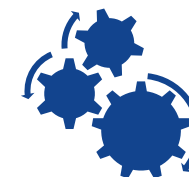
**Reasonable Assurance**

Limited Assurance

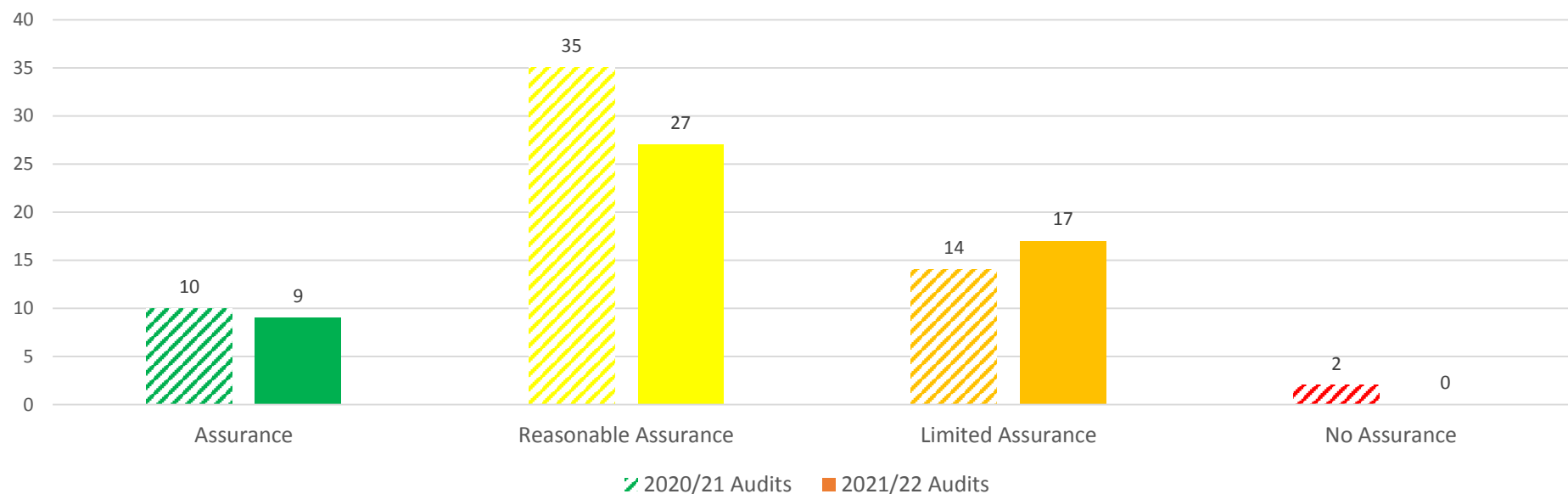
No Assurance



**3.6** Any significant corporate weaknesses and agreed actions will be reflected in the Annual Governance Statement. The impact of the Internal Audit work for 2021/22 may affect that year's work for External Audit. It may also inform their work for 2022/23 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.



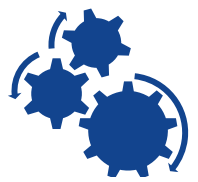
#### 4. Comparative 2020/21 & 2021/22 Audit Assurance Levels



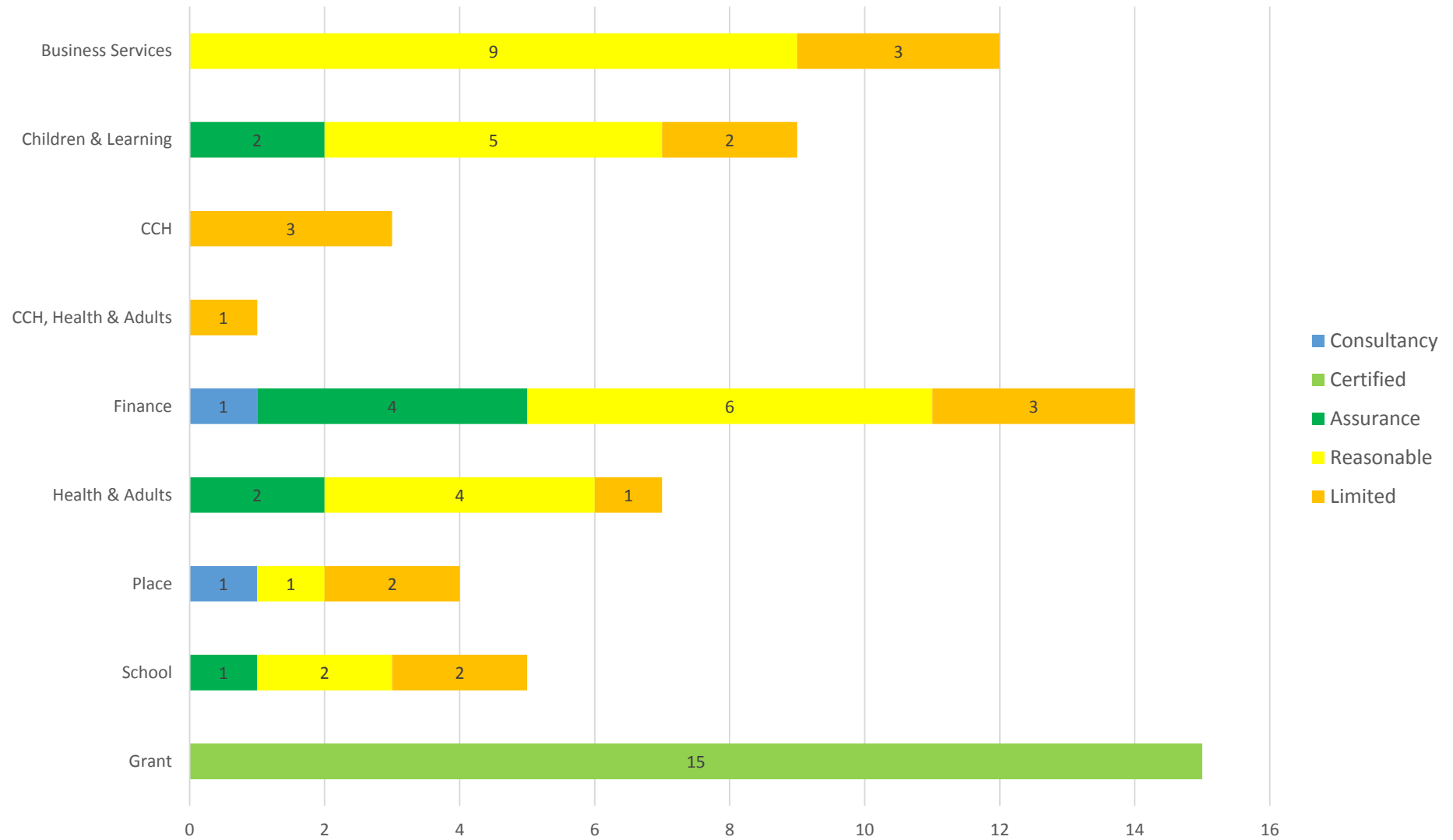
Note: Grant Certifications have not been included in this graph. In the table below the numbers in brackets indicates the change in the number of audits with that assurance level in the 2021/22 financial year compared to 2020/21 financial year.

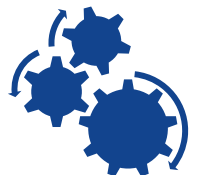
	2020/21	2021/22
<b>Assurance</b>	10	9 (-1)
<b>Reasonable Assurance</b>	35	27 (-8)
<b>Limited Assurance</b>	14	17 (-3)
<b>No Assurance</b>	2	0 (-2)
<b>TOTAL</b>	61	53



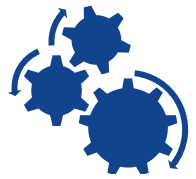


### 5. 2021/22 Audit Assurance by Executive Directorate



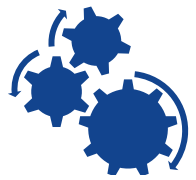


	Assurance/Certified	Reasonable Assurance	Limited Assurance	No Assurance	TOTAL
Business Services	0	9	3	0	12
Children & Learning	2	5	2	0	9
Communities, Culture & Homes	0	0	3	0	3
Communities, Culture & Homes & Health and Adults	0	0	1	0	1
Finance	4 (+1 Consultancy)	6	3	0	14
Health & Adults	2	4	1	0	7
Place	0 (+1 Consultancy)	1	2	0	4
Schools	1	2	2	0	5
Grants	15	0	0	0	15
<b>TOTAL</b>	<b>24 (+2 Consultancy)</b>	<b>27</b>	<b>17</b>	<b>0</b>	<b>70</b>

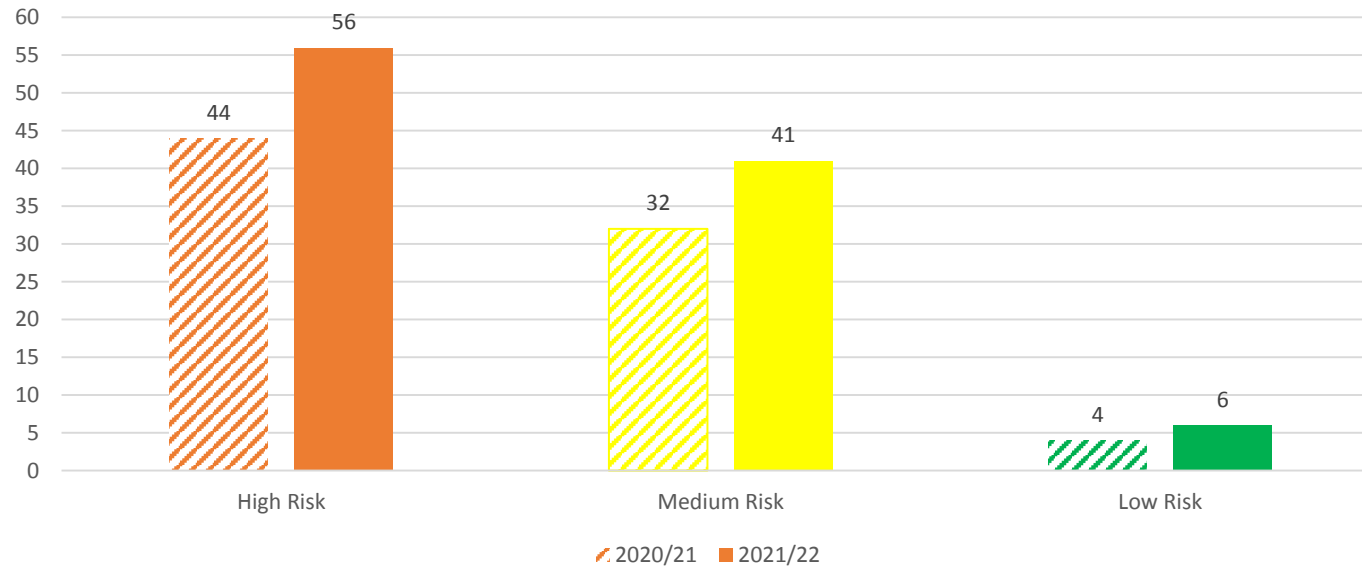


## 6. Key Areas of Concern

- 6.1** During 2021/22 there were no areas of significant concern and no '**no assurance**' reports.
- 6.2** A residual area of concern is in relation to the timeliness of implementing agreed actions to mitigate risk exposure. As noted in the 2021/22 Follow Up Analysis (detailed on page 13) that 47% (an improvement from 43% for 2020-21) of the 87 exceptions followed up through 2021/22 had been actioned within the agreed timeframe, meaning 53 (57% for the previous year) 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 includes continuing 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 several reviews have resulted in limited assurance being attributed as an overall opinion. There are no 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 2021/22 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 across 2021/22 and during the COVID-19 pandemic. There will inevitably be some issues emerging because of arrangements and procedures enacted due to the pandemic. Any future emerging concerns will influence work moving forward.

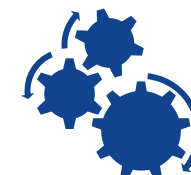


### 7. Comparative 2020/21 & 2021/22 Exception Risk Rankings

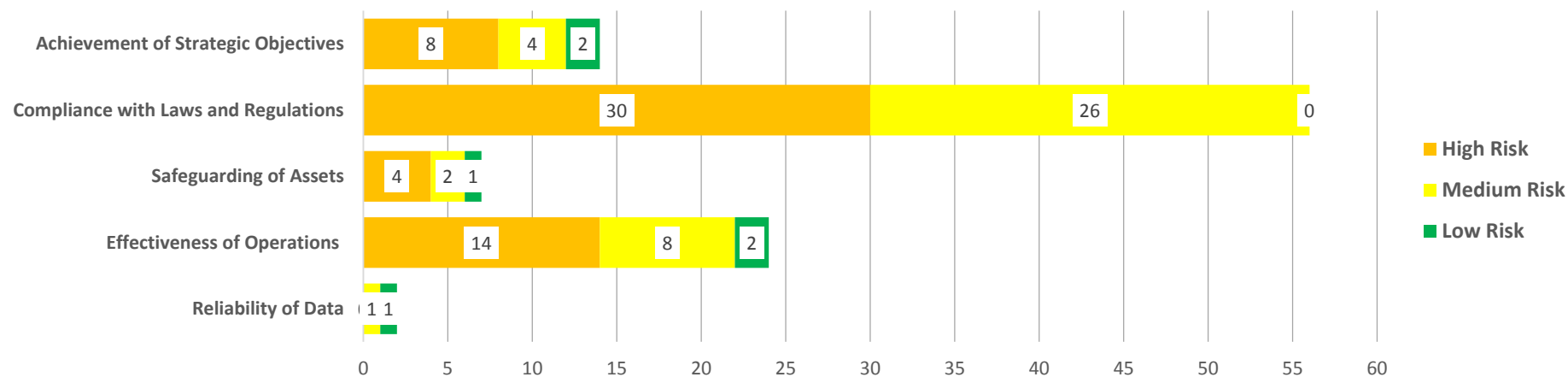


	2020/21	2021/22
<b>Critical Risk</b>	0	0
<b>High Risk</b>	44	56 (+12)
<b>Medium Risk</b>	32	41 (+9)
<b>Low Risk</b>	4	6 (+2)
<b>TOTAL</b>	80	103

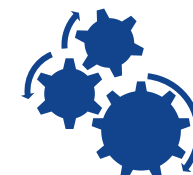
Note: In the table ABOVE the numbers in brackets indicates the change in the number of audits with that assurance level in the 2021/22 financial year compared to 2020/21 financial year.



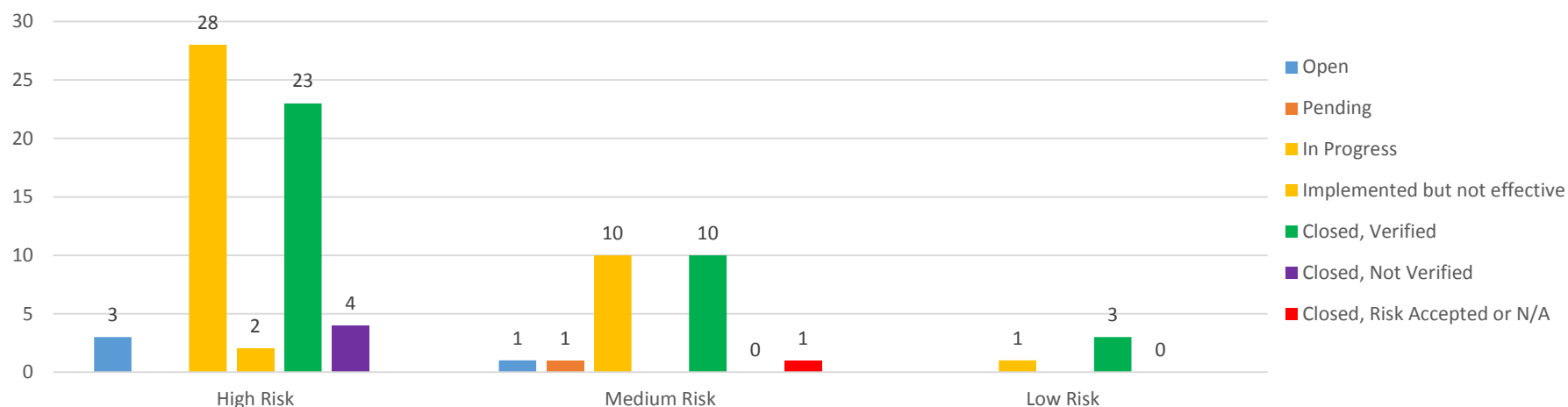
### 8. 2021/22 Exception Analysis by Risk Classification



	High Risks	Medium Risks	Low Risks	TOTAL
Achievement of Strategic Objectives	8	4	2	14
Compliance with Laws and Regulations	30	26	0	56
Safeguarding of Assets	4	2	1	7
Effectiveness of Operations	14	8	2	24
Reliability of Data	0	1	1	2
<b>TOTAL</b>	<b>56</b>	<b>41</b>	<b>6</b>	<b>103</b>

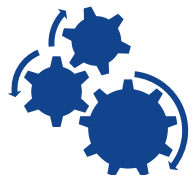


### 9. 2021/22 Follow Up Analysis



	Open	Pending	In Progress	Implemented, Not Effective	Closed, Verified	Closed, Not Verified	Closed, Risk Accepted	TOTAL
High Risk	3	0	28	2	23	4	0	60
Medium Risk	1	1	20	0	10	0	1	23
Low Risk	0	0	1	0	3	0	0	4
<b>TOTAL</b>	<b>4</b>	<b>1</b>	<b>39</b>	<b>2</b>	<b>36</b>	<b>4</b>	<b>1</b>	<b>87</b>

Internal Audit follows up audits 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 87 exceptions followed up through 2021/22 shows that 41 (47%) have been closed by audit, however 46 (53%) are overdue due to the actions being in progress or outstanding.



## 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.

In addition to this, quality and improvement requirements are assessed by means of:

- 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.
- Weekly 1:1s with all members of staff, within Internal Audit and colleagues who undertake Counter Fraud activities.
- 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.
- 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
- 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 (10.2).
- All staff complete an annual declaration of interests including a nil return, to avoid any impingement on independence or conflict of interest.
- Feedback has been received during 2021/22 from key stakeholders, all feedback supported the quality assurance assessment reflecting that the service provided complies with *PSIAS* criteria.



## Skills Gap Analysis for 2021/22

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

- *Experience:* experience at a senior level across multiple subject areas has decreased significantly with the retirement of three senior officers (two due to ill health). Two within the partnership, one directly employed at SCC. This has led to a vulnerability as knowledge within certain areas has decreased. Professional training and mentoring will over time bridge this gap. However, the gap is highlighted for information.
- *Auditing, Specialist IT Auditing skills:* these are limited within the overall service (Partnership) with only two officers currently qualified. To address this shortfall, professional training will continue for a third officer and use will also be made of resources employed elsewhere under the various partnerships and shared service arrangements.
- *Counter Fraud skills:* whilst there are three officers qualified in Counter Fraud (CF) and investigative practice these resources are limited. There has been a significant increase in investigating across the partnership for counter fraud work, including grant related fraud prevention and assessment work, which has placed this area of the service under pressure.
- *Qualified Accountants:* the final area to note is in relation to the level of qualified auditors, specifically 'accountancy qualified'. Following the retirement of three officers within the partnership a gap has emerged representing a shortfall in this area. One implication is the ability to verify certain grant work, where the accounting qualification is restricted. Recruitment is in the process of taking place and further discussions will be held with the s151 officer to review the arrangements moving forward relating to both the accountancy qualifications and counter fraud skills.





## 11. 2021/22 Audits Completed - not previously reported

### Adults Safeguarding – Health & Adults

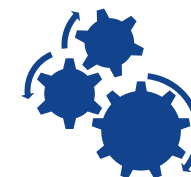
Exceptions Raised				Overall Assurance Level	Assurance Level by Scope Area	
<b>Critical</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>	<b>Reasonable</b>	Achievement of Strategic Objectives	<b>Reasonable</b>
0	2	0	0	<b>Latest implementation date scheduled is December 2022</b>	Compliance with Policies, Laws & Regulations	<b>Reasonable</b>
					Safeguarding of Assets	<b>No Areas Tested</b>
					Effectiveness and Efficiency of Operations	<b>Assurance</b>
					Reliability and Integrity of Data	<b>Assurance</b>

The first high risk exception was raised in relation to the S75 agreement and the dashboard showing a lack of data received from a trust which impacted on the Safeguarding Adults Collection return to Central Government. The second high risk relates to testing of a sample of 38 staff who are most likely to have exposure to potential safeguarding issues, only 27 (71%) had completed any form of safeguarding training.

### Child Protection Planning – Children & Learning

Exceptions Raised				Overall Assurance Level	Assurance Level by Scope Area	
<b>Critical</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>	<b>Limited</b>	Achievement of Strategic Objectives	<b>No Areas Tested</b>
0	6	1	0	<b>Latest implementation date scheduled is July 2022</b>	Compliance with Policies, Laws & Regulations	<b>Limited</b>
					Safeguarding of Assets	<b>Limited</b>
					Effectiveness and Efficiency of Operations	<b>Limited</b>
					Reliability and Integrity of Data	<b>No Areas Tested</b>

The first high risk exception was raised in relation to sample testing of 6/10 section 47 enquiries being unable to evidence a child safety plan or discussions around if an agreement was required or not in line with the service process flowchart. Later discussions confirmed that this flowchart was inaccurate and needed updating. The second high risk relates to 5/10 child protection plans (CPP) sampled, failed to have an initial child protection conference (ICPC) within 15 working days. The third high risk exception relates to 4/10 CCP's failing to provide adequate involvement of the child(ren) and/or parent(s)/guardian(s). The fourth risk relates to 5/10 CCP's failing to evidence a core group meeting being undertaken within 10 working days of the ICPC and 4/10 failed to evidence records to confirm that dates for future meetings had been agreed and actioned. The fifth high risk relates to testing finding 6/10 cases failed to evidence a thorough and clear development and forward-movement with the actions stated in the outline plan. The sixth high risk relates to 8/10 CCP's not having timely supervision of records. Improvement in all areas has been noted by the Quality Assurance teams post audit testing.



**Contract Management ICU – Health & Adults**

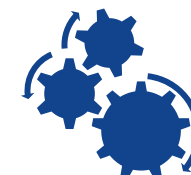
Exceptions Raised				Overall Assurance Level	Assurance Level by Scope Area	
<b>Critical</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>	<b>Reasonable</b>	Achievement of Strategic Objectives	<b>Assurance</b>
0	1	1	0	<b>Latest implementation date scheduled is December 2022</b>	Compliance with Policies, Laws & Regulations	<b>Assurance</b>
					Safeguarding of Assets	<b>Reasonable</b>
					Effectiveness and Efficiency of Operations	<b>Assurance</b>
					Reliability and Integrity of Data	<b>No Areas Tested</b>

The high-risk exception was raised in relation to sample testing highlighting that while the framework works well and is commensurate to the value of the key contracts there needed to be established a minimum expectation for resourcing, managing and monitoring contracts which were either unforeseen, reactive or implemented during a health crisis. The medium risk relates to contract extensions remaining unsigned for 2/4 contracts sampled.

**Emergency Procedures (Supported Housing Schemes) – Health & Adults**

Exceptions Raised				Overall Assurance Level	Assurance Level by Scope Area	
<b>Critical</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>	<b>Reasonable</b>	Achievement of Strategic Objectives	<b>Assurance</b>
0	1	1	0	<b>Latest implementation date scheduled is June 2022</b>	Compliance with Policies, Laws & Regulations	<b>Reasonable</b>
					Safeguarding of Assets	<b>No Areas Tested</b>
					Effectiveness and Efficiency of Operations	<b>Limited</b>
					Reliability and Integrity of Data	<b>No Areas Tested</b>

The high-risk exception was raised in relation to testing where 6/61 (9.84%) relevant staff members did not have up to date fire safety training completed and 17 (27.8%) did not have up to date electrical safety training. The medium risk was raised in relation to testing of seven supported housing schemes finding from the last 5 months one health and safety check had not been completed at a supported housing scheme for December 2021.



**Housing Benefit - Finance**

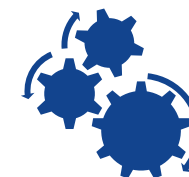
Exceptions Raised				Overall Assurance Level	Assurance Level by Scope Area	
Critical	High	Medium	Low	Assurance		
0	0	0	0		Achievement of Strategic Objectives	No Areas Tested
					Compliance with Policies, Laws & Regulations	Assurance
					Safeguarding of Assets	No Areas Tested
					Effectiveness and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

No concerns were raised in relation to housing benefit processes.

**Housing Rents & Arrears - Finance**

Exceptions Raised				Overall Assurance Level	Assurance Level by Scope Area	
Critical	High	Medium	Low	Reasonable		
0	1	2	1	Latest implementation date scheduled is December 2022	Achievement of Strategic Objectives	No Areas Tested
					Compliance with Policies, Laws & Regulations	Assurance
					Safeguarding of Assets	Assurance
					Effectiveness and Efficiency of Operations	Limited
					Reliability and Integrity of Data	No Areas Tested

The high-risk exception was raised in relation to testing where the target rate of collection for former tenant arrears was not going to be met for 2021-22 and 74% of write-offs had been written off under debt statute barred. The first medium risk was in relation to requiring a bespoke report to highlight surplus balances. The second medium risk was raised in relation to a lack of timeliness for authorising rent adjustments and 2/10 adjustments sampled being invalid. The low-risk improvement was raised in relation to no longer needing to complete paper write-off forms if the information can be transposed into the system.



**Mandated Services (Public Health)**

Exceptions Raised				Overall Assurance Level	Assurance Level by Scope Area	
Critical	High	Medium	Low			
0	0	0	0	Assurance	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	No Areas Tested

From the testing undertaken, Internal Audit can provide assurances that the delivery of mandated services during the pandemic was in line with responsibilities and published guidance. This opinion recognises that some of the noted issues are national rather than local and testing has evidenced discussions, minutes and/or action plans for the residual issues brought about by the pandemic.

**Consultancy Work - Accounts Payable**

A review of the payment run processes found that the controls are operating effectively and without erroneous controls and a good balance between manual and automated checks. The supplier validations checks are robust and will improve the overall quality of the supplier Masterfile. Some improvement recommendations were provided in instances where bank details cannot be verified by third parties.

**Grant Verification - Homelessness Prevention**

Grant Verification – To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to the Homelessness Prevention Grant 2021/22 have been complied with.

**Grant Verification - Protect and Vaccinate**

Grant Verification – To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to Protect and Vaccinate No 31/5912 have been complied with.



## 12. 2021/22 Follow-Up Audits Completed - not previously reported

### Grounds Maintenance – Communities, Culture & Home

#### Original Exceptions Raised

Critical	High	Medium	Low
0	2	2	0

Latest implementation date scheduled for follow up action is June 2022

#### Original Assurance Level

Limited Assurance

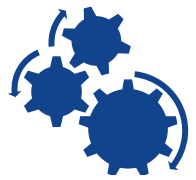
#### Follow up Assurance

Limited Assurance

#### Follow Up Action

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

Follow up testing found that the high risk relating to machinery purchases remained in progress as there was still a high level of spend without a contract in place. The second high risk remains in progress as while there is a training matrix spreadsheet in place some staff members were overdue on refresher training. The first medium risk remains in progress as the actions from green space monitoring forms were not being recorded. The final medium risk remains in progress while maintenance plots are remapped and analysed in terms of cost and resources.



### **13. Counter Fraud & Audit Unplanned Reactive Work**

A summary has been provided of Counter Fraud and Audit reactive work conducted during the 2021/22 year.

#### **13.1 Business Grants:**

While processes were put in place to manage the grant application process, like any application, these can be subject to attempts of fraud. Given the national scheme and haste in which local authorities had to implement them. Verification support work has been performed in relation to various business grants administered across the pandemic.

#### **13.2 Investigations**

There were two whistleblowing cases during the year that raised various concerns, predominately relating to processes and potential fraud/ bribery. Both areas were subject to full audits with the concerns of fraud or bribery etc, investigated separately. Whilst process issues were found within the systems for both, no evidence was found to support fraud/ bribery etc.

A third case of suspected fraud is still under investigation.

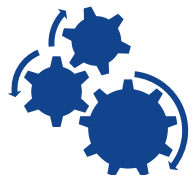
A fourth case was investigated relating to failure to follow contract procedures, evidence was found to support this, which was raised with the relevant Executive Director.

#### **13.3 Ongoing NFI**

The Internal Audit Team are responsible for the management and admin of the Authority's participation in the National Fraud Initiative (NFI) which is a mandatory scheme in which multiple data sets are uploaded and analysed. The results are then presented back to the council for investigation. Responsibility for investigating the referrals is split across multiple teams including the Counter Fraud Team.

#### **13.4 Advice**

Internal Audit gave 11 items of advice across varying council services on risk and control throughout the financial year 2021/22. Advice is recorded if the time spent to conduct the required work exceeds 2 hour of officer time.



## 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. A second external assessment is planned for the financial year 2022/23.