



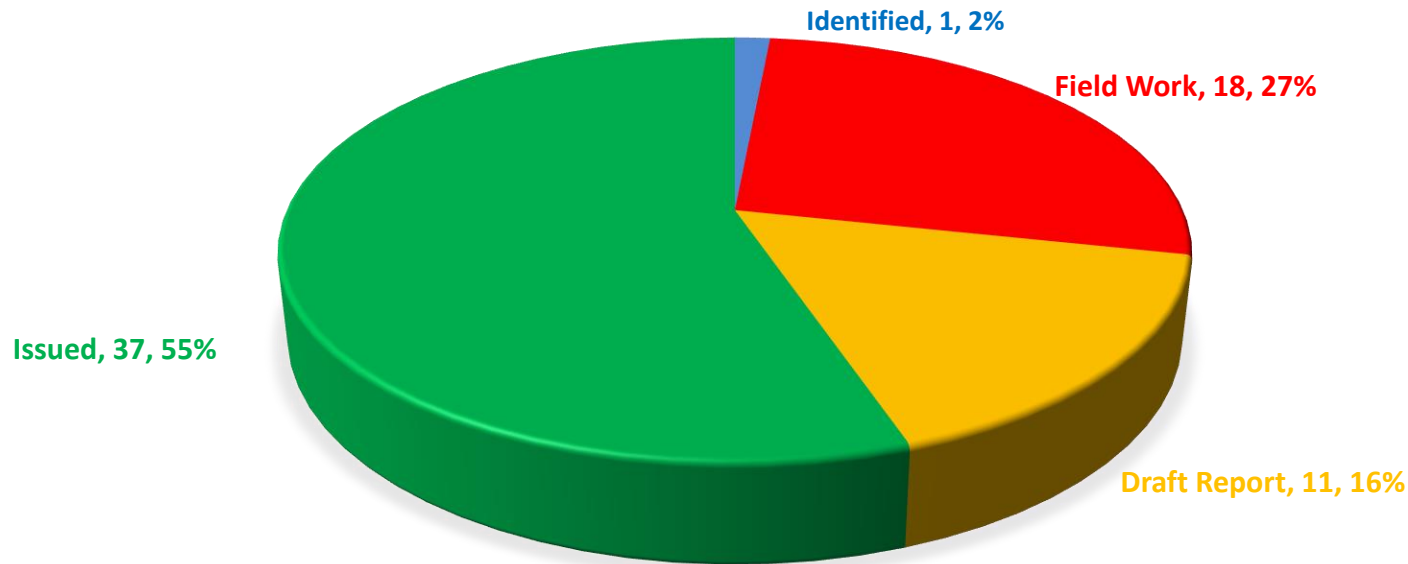
SOUTHAMPTON
CITY COUNCIL

Internal Audit Progress Report

12th February 2024

Elizabeth Goodwin, Chief Internal Auditor

1. Audit Plan Progress as of 24th January 2024



There are a total of 67 reviews in the 2023/24 Audit Plan as of 24th January 2024.

To date, 98% of audits have been completed or are in progress as of 24th January. This represents 37 (55%) audits where the report has been finalised, 11 (16%) where the report is in draft and 18 (27%) audits currently in progress.

Status	Current Position
Identified	1
Fieldwork	18
Draft Report	11
Final Report	37
Total	67

2. Audit Plan Status/Changes

The Audit Plan has remained flexible to take into account emerging or escalating risk exposure. Since the last reporting period the following should be noted; **Additions, removals, and amendments to the 2023/24 Audit Plan:**

- Addition – Bus Subsidy Grant – grant required verification and sign-off in 2023/24.
- Addition – Tax Evasion – added at the request of the Section 151 Officer.
- Addition – St Marys Leisure Centre - added at the request of the Chief Executive Officer.
- Addition – Red Lodge Stock Arrangements – added at the request of the Head of City Services.
- Addition – Equal Pay – added at the request of the Section 151 Officer.
- Addition – Governance and Decision Making – at the request of the Section 151 Officer.
- Addition – Bus Recovery Grant - grant required verification and sign-off in 2023/24.
- Addition – Irregular Payments - added at the request of Section 151 Officer.

- Removed – Section 75 Agreements – Risk exposure greater in other areas.
- Removed – Acquisition of One Guildhall Square – removed following provisional work where concerns raised have already been covered.
- Removed – Transforming Cities Fund – grant due for sign off in 2024/25.
- Removed – Waste Operations – moved to 2024/25 due to the implementation dates in the original audit stretching into 2024/25.
- Removed – Biodiveristy Net Gain Grant – no grant sign-off required.
- Removed – Business Continuity and Disaster Recovery – work is currently in progress in this area so will be revisited at a later date.
- Removed – Compass (Alternative Learning) – moved to 2024/25 audit plan.
- Removed – Cantell School – due to a lack of capacity in team to undertake this review.
- Removed – Unregulated Placements – due to a lack of capacity in team to undertake this review.
- Removed – Temporary Accommodation – due to a lack of capacity in team to undertake this review.
- Removed – Voids – regular progress reporting has been provided to the governance committee and longer period needed for material change to occur.

All the audits removed above will now be considered as part of the 2024/25 audit plan.

3. Areas of Concern

No new areas of concern have been raised since the last reporting period. While there are currently no ‘no assurance’ reports or critical exceptions contained in this report for this reporting period. All items completed since the last committee attendance are detailed at a summary level in this report. This includes, full audits, follow up work and grant work completed.

4. Assurance Levels

Internal Audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives for the area under review.

Assurance Level	Description / Examples
Assurance	<i>No issues or minor improvements noted within the audit but based on the testing conducted, assurance can be placed that the activity is of low risk to the Authority</i>
Reasonable Assurance	<i>Control weaknesses or risks were identified but overall the activities do not pose significant risks to the Authority</i>
Limited Assurance	<i>Control weaknesses or risks were identified which pose a more significant risk to the Authority</i>
No Assurance	<i>Major individual issues identified or collectively a number of issues raised which could significantly impact the overall objectives of the activity that was subject to the Audit</i>
NAT	<i>No areas tested</i>

Audits rated No Assurance are specifically highlighted to the Governance Committee along with any Director’s comments. The Committee is able to request any director attends a meeting to discuss the issues.

5. Exception Risk Ranking

The following table outline the exceptions raised in audit reports, reported in priority order and are broadly equivalent to those previously used.

Priority Level	Description
Low Risk (Improvement)	<i>Very low risk exceptions or recommendations that are classed as improvements that are intended to help the service fine tune its control framework or improve service effectiveness and efficiency. An example of an improvement recommendation would be making changes to a filing system to improve the quality of the management trail.</i>
Medium Risk	<i>These are control weaknesses that may expose the system function or process to a key risk but the likelihood of the risk occurring is low.</i>
High Risk	<i>Action needs to be taken to address significant control weaknesses but over a reasonable timeframe rather than immediately. These issues are not 'show stopping' but are still important to ensure that controls can be relied upon for the effective performance of the service or function. If not addressed, they can, over time, become critical. An example of an important exception would be the introduction of controls to detect and prevent fraud.</i>
Critical Risk	<i>Control weakness that could have a significant impact upon not only the system function or process objectives but also the achievement of the Council's objectives in relation to: The efficient and effective use of resources, The safeguarding of assets, The preparation of reliable financial and operational information, Compliance with laws and regulations and corrective action needs to be taken immediately.</i>

Any critical exceptions found the will be reported in their entirety to the Governance Committee along with Director's comments

6. 2023/24 Audits completed since the last reporting period

Construction Contracts Review

Exceptions Raised

Critical	High	Medium	Low
0	1	0	0

Overall Assurance Level

Limited

Assurance Level by Scope Area

Achievement of Strategic Objectives	Limited
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	No Areas Tested

Three construction projects where fire safety issues have been identified were reviewed to determine the reasons behind the failure and assess whether the Authority's process and controls contributed to that failure. In addition, Internal Audit also reviewed the proposed future mitigations put forward by the service to prevent future issues. Testing found that the failure of the projects was due to substandard work of sub-contractors, which was not being picked up by the contractor's quality assurance programme. The processes used by the Authority to procure and oversee these projects were industry standard and did not contribute to the failings. The limited assurance opinion is based upon the projects still being a risk to the Authority. One high risk exception was raised as testing found that the proposed mitigations required further investigation into their potential cost and effectiveness.

Disabled Facilities Grant (DFG) Process Review

Exceptions Raised

Critical	High	Medium	Low
0	0	0	1

Overall Assurance Level

Assurance

Actions should be implementation by once a new team member is in post.

Assurance Level by Scope Area

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

The low risk exception was raised in relation to a lack of consistency in the information being put forward to the Better Care Finance & Performance Board when applying to draw down funding from the DFG. Based on the testing conducted Internal Audit can confirm that the grant funding has been spent in line with the grant conditions and a separate signed statement has already been provided and returned to central government as required.

Health & Safety (Corporate)
Exceptions Raised

Critical	High	Medium	Low
0	1	2	0

Overall Assurance Level

Reasonable

Actions should be implementation by March 2024

Assurance Level by Scope Area

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

The high risk exception was raised in relation to the uptake of health and safety training undertaken across the authority. Testing identified only 53% of permanent employees had completed some form of health and safety training (including mandatory fire safety) and only 12% of permanent managers / heads of service had completed the manager health and safety module. The first medium risk was raised in relation to services not undertaking staged audits as outlined in policy and the second medium risk was raised relating to an inconsistent approach across the authority to workplace H&S inspections.

Recruitment v Budget
Exceptions Raised

Critical	High	Medium	Low
0	1	0	0

Overall Assurance Level

Limited

Assurance Level by Scope Area

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

The review identified multiple issues resulting in inconsistencies between budgeted information and HR actual information. During the migration of the old system to the new system (Business World) no reconciliations were conducted to ensure information being exported was accurate. In addition, the format of the data held within the two structures (HR & Finance) differ making it difficult to confirm accuracy and ensure effectiveness of operations. Controls are in place for the recruitment process, however residual control gaps have been highlighted around further automation required resulting in the current process being prone to error and or deliberate circumvention. Six recommended actions were flagged to the service which will further enhance the arrangement and are being implemented alongside a existing program of actions.

Red Lodge Stock Arrangements
Exceptions Raised

Critical	High	Medium	Low
0	1	0	0

Overall Assurance Level

Limited

Assurance Level by Scope Area

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

Internal Audit undertook a review of the Red Lodge depot looking at stock arrangements, spot checks and security and staff access, following a disciplinary and concerns raised. This review resulted in four recommended actions to be implemented.

St Marks Church of England School
Exceptions Raised

Critical	High	Medium	Low
0	0	1	1

Overall Assurance Level

Reasonable
Actions should be implementation by February 2024

Assurance Level by Scope Area

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

The medium risk exception was raised in relation to minibus walkaround checks not being recorded meaning there is no evidence to sight that they have been undertaken. The low risk exception was raised in relation to the approval of policies not being sufficiently recorded.

St Marys Leisure Centre
Exceptions Raised

Critical	High	Medium	Low
0	0	0	0

Overall Assurance Level

Consultancy

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	No Areas Tested

Internal Audit undertook a viability review on the proposals and providers as it related to the appointment of a long-term operator for the centre.

Stock Condition (Planned Maintenance)
Exceptions Raised

Critical	High	Medium	Low
0	1	0	0

Overall Assurance Level

Limited

Assurance Level by Scope Area

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

Due to several factors, for example the need to refocus capital spend on improving fire safety, lack of capacity and the consequent failure to deliver planned work, the historically well-maintained housing portfolio has deteriorated markedly over the last five years. The high risk raised confirmed the need to take urgent strategic decisions and take action in order to bring the portfolio up to standard, including meeting the Decent Homes standard – currently only 53.4% of SCC's homes meet this standard. Failing to do this will lead to the portfolio further deteriorating, potentially representing a strategic risk to the Council. Operationally progress is being made, for example addressing damp and mould issues, however further work is necessary, to ensure that why tenants refuse improvements is understood and management have access to a sufficiently accurate view of the condition of the portfolio.

Tax Evasion
Exceptions Raised

Critical	High	Medium	Low
0	1	0	0

Overall Assurance Level

Reasonable

Assurance Level by Scope Area

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

The Internal Audit section was required to carry out this audit to ascertain whether tax evasion had occurred in relation to one of our suppliers. This review identified that tax evasion had occurred which could pose a liability for the authority and is currently being attempted to be recovered from the supplier. This review identified the need for implementing a minimum standard of due diligence and requirement to complete 'off-payroll worker assessments' during contract/exemption awards in the Integrated Commissioning Unit (ICU). The review highlighted some improvements in the controls around 'fast-tracked' payments and additional checks for suppliers using a personal bank account for payment. Four actions were raised to be implemented by the relevant services.

List of Completed Grants
Grant Outcomes:
Assurance/Certified

1. Bus Subsidy Grant
2. Disabled Facilities Grant

7. 2023/24 Follow-up Audits completed since the last reporting period

Contract Management ICU

Original Exceptions Raised

Critical	High	Medium	Low
0	1	1	0

Latest implementation date scheduled was December 2022
 Revised date: June 2024

Original Assurance Level

Reasonable

Follow Up Assurance

Reasonable

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 (Medium)	0	0	0

Follow up testing was able to close both exceptions. The rationale for the report remaining at reasonable, despite closing the risks, is due to the monitoring framework not fully being fully implemented and it not being imbedded for long enough to evidence effectiveness/improvements in some of the areas with underperforming KPIs

Domestic Abuse

Original Exceptions Raised

Critical	High	Medium	Low
0	2	0	0

Latest implementation date scheduled was January 2023
 Revised date: March 2024

Original Assurance Level

Reasonable

Follow Up Assurance Level

Reasonable

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)	0	1 (High)	0	0	0

Follow up testing was able to close one high risk exception. The other high risk was raised in relation to decisions, actions and referrals not being agreed within the 24 hours despite attempts or contact with the victim being made. This risk remains in progress due to the University of Southampton conducting an independent review on the current protocols.

Children's Direct Payments

Original Exceptions Raised

Critical	High	Medium	Low
0	7	1	0

Latest implementation date scheduled was May 2022
Revised date: April 2024

Original Assurance Level

Limited

Follow Up Assurance

Limited

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	4 (High)	2 (High)	1 (High) 1 (Medium)	0	0	0

Follow up testing was able to close one high and one medium risk exception. The high risk relating to overview panel reviews remains in progress as while panel dates are referenced on direct payment cases there is not clear evidence of the approval via minutes or management authorisation. The second high risk remains in progress as while a monitoring spreadsheet for annual audits has been produced, 19 cases are overdue a review. The third high risk relates to procedure documents as while some have been drafted, there were noted gaps in the procedure documentation. The fourth high risk remains in progress as while a monitoring spreadsheet has been created there is still no management/KPI reporting to aid decision making.

Two high risks remain were implemented but were not effective in mitigating the risks identified. The first relates to the reconciling of changes in direct payment amounts which testing identifying 1/5 changes had a different value on the support plan and panel review. The second relates to testing still identifying a lack of recorded documentation including missing timesheets, payslips and bank statements. New actions have been agreed and will be retested in due course.

Emergency Procedures (Supported Housing Schemes)
Original Exceptions Raised

Critical	High	Medium	Low
0	1	1	0

Latest implementation date scheduled was June 2022
 Revised date: Ongoing

Original Assurance Level

Reasonable

Follow Up Assurance Level

Reasonable

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)	0	1 (Medium)	0	0	0

Follow up testing was able to close the medium risk exception. The high risk relating to staff training records at Supported Housing Schemes remains in progress with follow up testing highlighting refresher training requirements across a number of mandatory training modules including Adult Safeguarding, Data Protection Act, Care Act and Modern Slavery.

Elected Home Education
Original Exceptions Raised

Critical	High	Medium	Low
0	1	0	0

Latest implementation date scheduled was December 2022
 Revised date: February 2024

Original Assurance Level

Reasonable

Follow Up Assurance Level

Reasonable

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	0	0	0	0

Follow up testing identified that the high risk exception relating to the authority school attendance orders remains open as while 8/9 issues since 2020 have resulted in children being enrolled in school or receiving the suitable home education, there are no clear pre-court procedures in place should litigation be required.

Fostering
Original Exceptions Raised

Critical	High	Medium	Low
0	4	1	0

Latest implementation date scheduled was December 2023
 Revised date: June 2024

Original Assurance Level

Limited

Follow Up Assurance Level

Reasonable

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	3 (High)	0	1 (High) 1 (Medium)	0	0	0

Follow up testing was able to close one high and one medium risk exception. The high risk raised in relation to foster carers signing foster care agreements remains in progress as from a sample of 10 agreements, 4/10 could not be evidenced and 3/10 had not been countersigned by the Fostering Lead. The second high risk raised in relation to staff completing mandatory training remains in progress as sample testing of 9 carers records could not evidence them completing all forms of mandatory training. The final high risk raised in relation to supervision reviews remains in progress as from a sample of 5 carers records 1/5 did not have a timely annual review, 2/5 did not have a timely unannounced visit and 2/5 did not have a timely 6 weekly review.

Hardmore School
Original Exceptions Raised

Critical	High	Medium	Low
0	7	6	0

Latest implementation date scheduled was October 2022
 Revised date: May 2024

Original Assurance Level

Limited

Follow Up Assurance Level

Limited

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	3 (High) 2 (Medium)	0	2 (High) 2 (Medium)	1 (High) 2 (Medium)	0	0

Follow up testing was able to close 4 high and 3 medium risk exceptions. 3 high risk exceptions remain in progress as while an asset register was located it had not been reviewed by staff for accuracy, the business continuity plan while completed has been deemed inadequate by the Federation and testing identified 3/5 transactions sample tested did not have a corresponding purchase order. The two medium risks remain in progress as the review identified

4 School Financial Value Standard (SFVS) answers were inaccurate and the website had not been updated to be compliance with Department for Education guidance. A new open high risk was raised during the review as there were no controls in place to prevent ghost employees being added to payroll.

Itchen Toll Bridge
Original Exceptions Raised

Critical	High	Medium	Low
0	1	0	1

Latest implementation date scheduled was September 2022
 Revised date: September 2024

Original Assurance Level

Reasonable

Follow Up Assurance Level

Reasonable

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)	0	0	0	1 (Low)	0

Follow up testing was able to close one low risk exception with management accepting the risk due to insufficient resource. The high risk exception relating to discrepancies remains in progress as discussions with the supplier have not resulted in the cause of the discrepancies being identified. In November 2023 there were 25 discrepancies which netted to a reduction of £829.55.

IT Feeder Systems
Original Exceptions Raised

Critical	High	Medium	Low
0	4	0	0

Latest implementation date scheduled was June 2022
 Revised date: October 2023

Original Assurance Level

Limited

Follow Up Assurance Level

Reasonable

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	4 (High)	0	0	0

Follow up testing was able to close the 4 high risk exceptions. While work is ongoing there has been significant progress made in all areas, enhancing arrangements regarding automation, accuracy/completeness of data transfers, continuity and security. The rationale for reasonable is that further action is planned and largely scheduled to be completed by the end of the financial year.

IT Network
Original Exceptions Raised

Critical	High	Medium	Low
0	1	2	2

Latest implementation date scheduled was December 2023
 Revised date: December 2024

Original Assurance Level

Limited

Follow Up Assurance Level

Reasonable

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 (Medium) 1 (Low)	0	1 (Low)	0	0	0

Follow up testing was able to close one low risk exception. The high and low risk remain in progress as they relate to starter and leaver procedures which form part of the ongoing Starters, Leavers and Movers (SLAM) automation project. The first medium risk relating to loss of data from email and USB drives as a number of Office 365 controls are in the testing stage. The other medium risk relating to single points of failure remains in progress as while there has been progress in addressing the most significant points of failure, these are not currently captured through an overarching register.

Mansbridge Primary School
Original Exceptions Raised

Critical	High	Medium	Low
0	3	1	0

Latest implementation date scheduled was January 2023
 Revised date: Ongoing

Original Assurance Level

Reasonable

Follow Up Assurance Level

Reasonable

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) 1 (Medium)	0	1 (High)	0	0	0

Follow up testing was able to close one high risk exception. One high risk exception relating to the SFVS remained open as it references policies which could not be evidenced. The high risk relating to petty cash remains in progress as reconciliations are not occurring as often as planned. The medium risk relating to inventory records remains in progress as testing was unable to evidenced asset spot checks are being conducted.

Modern Slavery Act Compliance
Original Exceptions Raised

Critical	High	Medium	Low
0	2	2	0

Latest implementation date scheduled was December 2022
 Revised date: March 2024

Original Assurance Level

Reasonable

Follow Up Assurance Level

Reasonable

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	2 (High) 1 (Medium)	0	0	0	0	0

The first high risk exception relating to risk assessing contracts remains in progress as 265 statements have been obtained and a method statement for identifying contracts at high risk of Modern Slavery has been produced, however 267 contracts still need to be risk assessed. The second high risk relating to the monitoring/reporting of Children's Referrals remains in progress as while modern slavery is recorded as an assessment factor, it cannot be extracted into a spreadsheet/dashboard. The medium risk relating to specific modern slavery training remains in progress as although there is some provisional training it has not been rolled out. The final medium risk remains open as the authority's Modern Slavery Statement has yet to be uploaded to the Home Office Registry.

Shirley Warren Primary School
Original Exceptions Raised

Critical	High	Medium	Low
0	2	2	0

Latest implementation date scheduled was March 2023
 Revised date: Ongoing

Original Assurance Level

Reasonable

Follow Up Assurance Level

Reasonable

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) 1 (Medium)	0	0	0	0	0	0	0

The high risk exception relating to the SFVS return remains open as the SFVS 'Summary of Agreed Actions' was incomplete. The medium risk exception raised in relation to purchase orders remains open as testing of 5 transactions highlighted that for all 5, a corresponding purchase order was not raised.

Vermont School

Original Exceptions Raised

Critical	High	Medium	Low
0	2	2	0

Latest implementation date scheduled was December 2022
Revised date: March 2024

Original Assurance Level

Reasonable

Follow Up Assurance Level

Reasonable

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	1 (High) 3 (Medium)	0	0	0

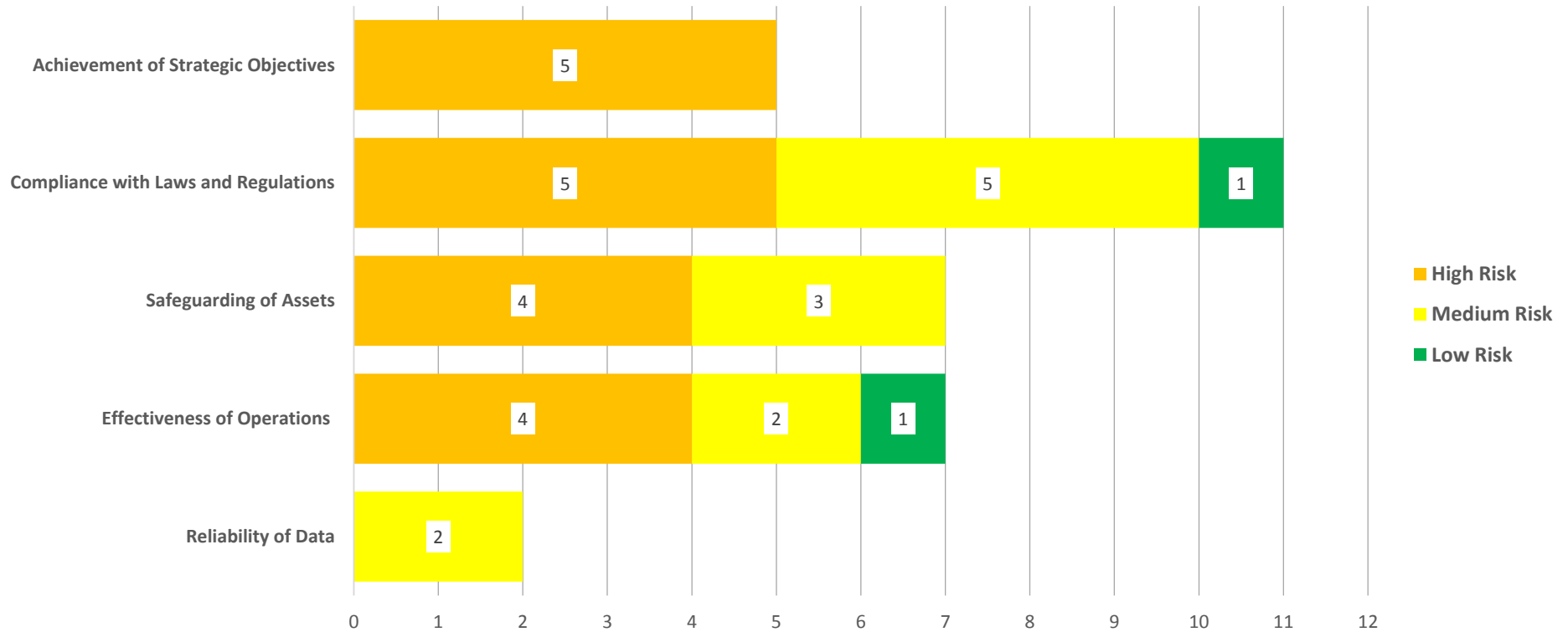
Follow up testing has been able to close 1 high and 3 medium risk exceptions. A high risk relating to inventory remains in progress as an asset register has yet to be fully completed. The second high risk relating to purchase orders and purchase card expenditure remains in progress as sample testing of 5 transactions identified 3/5 invoices predated the purchase order. Testing of 5 purchase card transactions did confirm all receipts were in Business World.

8. Follow-up Action Categorisation

The following table outlines the follow up categories used to describe the outcome of follow up testing completed.

Follow Up Categories	Description
Open	<i>No action has been taken on agreed action.</i>
Pending	<i>Actions cannot be taken at the current time but steps have been taken to prepare.</i>
In Progress	<i>Progress has been made on the agreed action however they have not been completed.</i>
Implemented but not Effective	<i>Agreed action implemented but not effective in mitigating the risk.</i>
Closed: <i>Verified</i>	<i>Agreed action implemented and risk mitigated, verified by follow up testing.</i>
Closed: <i>Not Verified</i>	<i>Client has stated action has been completed but unable to verify via testing.</i>
Closed: <i>Management Accepts Risk</i>	<i>Management has accepted the risk highlighted from the exception.</i>
Closed: <i>No Longer Applicable</i>	<i>Risk exposure no longer applicable.</i>

9.Exception Analysis to Date



	Achievement of Strategic Objectives	Compliance	Effectiveness of Operations	Reliability & Integrity	Safeguarding of Assets	Total
Critical Risk						
High Risk	5	5	4		4	18
Medium Risk		5	2	2	3	12
Low Risk - Improvement		1	1			2
Grand Total	5	11	7	2	7	32