

**Title of meeting:** Governance & Audit & Standards Committee

**Date of meeting:** 2<sup>nd</sup> February 2018

**Subject:** Audit Performance Status Report to 8<sup>th</sup> January 2018

**Report by:** Chief Internal Auditor

**Wards affected:** All

**Key decision:** No

**Full Council decision:** No

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## **1. Summary**

- 1.1 This is a progress report for the 2017-18 planned audit activities. To date four 'No Assurance' audits have been identified with no critical risks raised. Information on three of the 'no assurance' audits has been reported to G&A&S in previous reports. Details of the fourth 'no assurance' audit are contained within this report.
- 1.2 There are 68 Full Audits and 43 Follow ups, planned for 2017/18, totalling 111 reviews.
- 1.3 To date, 92 (83%) have been completed or are in progress as at 8<sup>th</sup> January 2018. This represents 67 (73%) audits where the report has been finalised, 5 (5%) where the report is in draft and 20 (22%) audits currently in progress.
- 1.4 In addition to the planned audits there are 11 areas of on-going work and 2 continuous audits which contribute to risk assurance.
- 1.5 Areas of Assurance are shown in Appendix A.

## **2. Purpose of report**

- 2.1 This report is to update the Governance and Audit and Standards Committee on the Internal Audit Performance for 2017/18 to 8<sup>th</sup> January 2018 against the Annual Audit Plan, highlight areas of concern and areas where assurance can be given on the internal control framework

## **3. Recommendations**

- 3.1 That Members note the Audit Performance for 2017/18 to 8<sup>th</sup> January 2018.

- 3.2 That Members note the highlighted areas of control weakness from the 2017/18 Audit Plan.

#### **4. Background**

- 4.1 The Annual Audit Plan for 2017/18 has been drawn up in accordance with the agreed Audit Strategy approved by this Committee on 3<sup>rd</sup> February 2017 following consultation with Directors and the previous Chair of this Committee. The Plan is revised quarterly to take account of any changes in risks/ priorities, in accordance with the Strategy.
- 4.2 For 2017/18 Internal Audit will conduct 1005 days of audit work for external clients.

#### **5. Audit Plan Status 2017/18**

##### **Percentage of the approved plan completed**

- 5.1 83% of the annual audit plan has been completed. Appendix A shows the completed audits for 2017/18. Appendix B shows the completed follow up audits for 2017/18.

The overall percentage figure is made up as follows:

- 34 new reviews (57%) audits where the report has been finalised, 5 (8%) where the report is in draft and 20 (35%) audits currently in progress
- 33 (77%) planned follow ups where the report has been issued

- 5.2 As requested by Members of the Committee a breakdown of the assurance levels on completed audits since the last meeting is contained in Appendix A. Where specific parts of the control framework have not been tested on an area (because it has been assessed as low risk for example) it is recorded as NAT (No Areas Tested) within the Appendix.

##### **Changes to the Audit Plan**

- 5.3 During November 2017, the audit plan was reviewed to consider the remaining audit areas while also considering any new areas of concern which have been identified throughout the year. As a result, a number of additions, deferrals and deletions have occurred in relation to the Audit Plan that was presented to committee in February 2017. The changes are detailed below:

##### **Additions:**

- Meredith Infant School - Included at the request of the school and in accordance with audits risk assessment.
- Wimborne Infant School - Included at the request of the school and in accordance with audits risk assessment.
- Adult Social Care - Write off Charges - Audit were alerted to a concern regarding the process for writing off charges relating to care.

- Grounds Maintenance Contract - Audit performed a review across large contracts in place at the Authority and risk assessed these based on a number of factors. The resulting analysis indicated an audit on the Grounds Maintenance Contract was due
- Portsdown Primary School - Included at the request of the school and in accordance with audits risk assessment.
- IR35 Analysis - the payroll audit highlighted a concern re the application of IR35 across suppliers. Analysis work is therefore to be conducted using data analytics.
- St Johns Primary - Included at the request of the school and in accordance with audits risk assessment.
- Liability Order Analysis - Using Data analytics, data will be compared to differing sources to aid in the collection of debt.
- Mainland Market Distribution (MMD) - Recruitment - risk assessment of MMD financial data highlighted a high spend on recruitment fees.
- MMD - Procurement - concerns raised via new management that procurement processes may not be suitably controlled.
- Subscriber Identity Module (SIM) Cards - in year follow up following a 'No Assurance Audit'.
- Harbour School - in year follow up following a 'No Assurance Audit'.

#### **Deletion or Deferrals to 2018/19 plan**

- Through Care Team - new process has been implemented and therefore deferring the audit allows this process to embed prior to the audit testing being undertaken - Deferred
- Revenue Clients - upon initial research into the area, the level of risk posed has been reduced and is no longer considered high risk - Deletion
- Publicity and Advertising - upon initial research into the area, the level of risk posed has been reduced and is no longer considered high risk - Deletion
- Under Occupation Scheme - upon initial research it was established that the Under Occupation Scheme is not applied by PCC - Deletion
- Absence Management - upon initial research it was evident that absence data is managed and reported where applicable and the figures presented are considered medium risk - Deletion
- Port Maintenance - New contract in place, allowing time to embed before conducting the audit - Deferred
- Public Health Business Planning and Risk Management - new strategy due to be in place Q1 of 2018/19. Audit Deferred.

#### **Reactive Work**

5.4

Reactive Work undertaken by Internal Audit in 2017/18 includes:

- 12 special investigations (excludes Benefit and Council Tax Support cases)
- 12 items of advice, (where the advice exceeds an hours work)

### **Exceptions**

- 5.5 Of the 2017/18 full audits either completed or at the draft report stage the number of exceptions within each category have been:
- 0 Critical Risk
  - 71 High Risk
  - 25 Medium Risk
  - 1 Low Risk (Improvements)
- 5.6 The table below is a comparison of the audit status figures for this financial year and the previous two years

	2015/16	2016/17	2017/18
<b>% of the audit plan completed</b>	81%	74%	84%
<b>No. of Critical exceptions*</b>	1	2	0
<b>No. of High risk exceptions</b>	53	79	71

### **Ongoing Areas**

- 5.7 The following 11 areas are on-going areas of work carried out by Internal Audit;
- Regulation of Investigatory Powers Act (RIPA) - authorisations
  - Anti-Money Laundering monitoring and reporting
  - Investigations
  - Financial Rules Waivers
  - National Fraud Initiative (NFI) to facilitate national data matching carried out by the Cabinet Office
  - National Anti-Fraud Network (NAFN) bulletins and intelligence follow up
  - Counter Fraud Programme
  - Policy Hub project to ensure that all Council policies are held in one place and staff are notified of the policies relevant to them
  - G&A&S Committee reporting and attendance and Governance,
  - Audit Planning and Consultation
  - Risk Management

### **Continuous Audit Areas**

- 5.8 The following 2 areas are subject to continuous audit (i.e. regular check to controls) and feed into overall assurance;
- Key risks management in services
  - Performance Management

Internal Audit, in collaboration with the Purchase to Pay (P2P) team, facilitates the weekly review of potential duplicate invoices. Using Data Analytics software to analyse all invoices, a number of automated tests highlight potential duplicates which the P2P team then investigate. Since the last report (October 2017), a further £218,000 worth of potential duplicate payments have been identified, of which £32,000 were validated for payment.

## **6. Areas of Concern**

### **New areas of concern**

#### **6.1 Community & Communication - Information Governance Data Sharing**

6.1.1 The audit of Information Governance Data Sharing was given no assurance as testing resulted in four high risk and one medium exception.

6.1.2 The high risk exceptions and agreed actions are summarised in the table below.

**Exception 1** - All PCC members of staff are expected to undertake mandatory Information Governance training which includes detail on information sharing. In order to determine whether staff had appropriate training in this area, a report was obtained from the Learning and Development team dated August 2017. This showed that only 71% (2886 from 4083) of staff had completed current mandatory Information Governance training. 345 (8%) were overdue refresher training and 851 (21%) had not completed the training at all. Further testing revealed that only 10 of the 21 (48%) named contacts and signatories on the 16 data sharing agreements in place were recorded as being up to date with Information Governance training. Risk of data breaches increase when staff are not aware of their responsibilities. Data breaches can result in substantial fines for the Authority.

**Agreed Action** - Reports will continue to be sent to each area of the business to allow Directors to analyse compliance.  
Message to be sent to Directors stressing the importance of compliance.  
Training will be refreshed as part of the preparation for General Data Protection Regulation and will be re-launched with support from Corporate Communications.

**Exception 2** - Testing established that there is no definitive listing of Information Sharing Agreements (ISA) or Operational Agreements (OA) with partner organisations. Whilst a listing of 44 agreements is in place only 23 entries were substantiated by documentation, and only 16 of which are actual information sharing agreements  
It is audit's understanding that work is ongoing in this area, specifically to attain compliance with General Data Protection Regulations (GDPR).

**Agreed Action** - All areas of the business will be required to carry out a data flow mapping exercise by the end of 2017. This will provide a complete picture of where agreements are in place and where there are gaps. A work programme will be developed once the gap analysis has been done, prioritising those where the most sensitive information is shared.

**Exception 3** - Testing established that of the 23 documents substantiated in the exception 2, 16 were specifically Information Sharing or Operational Agreements. Upon review of these, 4/16 (25%) had a Privacy Impact Assessment evidenced. The Portsmouth Information Sharing Framework states that Privacy Impact Assessments (PIA) should be in place for Information Sharing or Operational Agreements. While PCC is not the author of all these documents, evidence should be held to show that a Privacy Impact Assessment was conducted as PCC should require the results of these prior to signing up to this type of agreement. In addition, 4/16 (25%) agreements did not have an effective date stated; therefore it may not be clear if and when information can be shared. Lastly of the 16 agreements, 6 (38%) did not have review dates. Of the 10 that did, 8 (80%) were overdue the review date stated within the agreement. These inconsistencies in detail and approach can increase the risk of a data breach which could result in a substantial fine to the Authority.

**Agreed Action** - All areas of the business will be required to carry out a data flow mapping exercise by the end of 2017. This will identify where agreements exist but have not been reviewed, and where no PIA has been carried out. Although it will not be a legal requirement to retrospectively complete a PIA, a work programme will be developed once the gap analysis has been done, prioritising those where the most sensitive information is being shared. The Information Asset Register which is being developed will enable us to continuously monitor for review dates of agreements.

**Exception 4** - Testing was conducted on the content of the 16 agreements in comparison with data sharing guidance and legislation. Testing found that:

- 1 document (6%) did not contain reasons for sharing
- 3 documents (19%) did not include information on the duty to share
- 1 document (6%) did not include the type of information to be shared
- 1 document (6%) did not include detail of the processes for sharing
- 4 documents (25%) did not include roles and responsibilities
- 9 documents (56%) were not signed
- 12 documents (75%) did not include contact details

Without the above information, the risk that incorrect data may be shared is heightened, thus increasing the risk of a data breach occurring. This could result in a substantial fine to the Authority.

**Agreed Action** - As part of the Data Flow Mapping Exercise, all information sharing agreements will be reviewed. A work programme will be developed once the analysis has been done, prioritising those where the most sensitive information is shared to ensure they comply with the requirements of GDPR.

The new policy for Sharing Information and planned intranet pages will give all staff clear guidance and a central resource to refer to.

- 6.1.3 A follow up audit will be conducted on Information Governance Data Sharing in the second quarter of the 2018/19 Audit Plan

**Updates on no assurance audits previously reported to committee**

6.1.4 **Harbour School - significant progress since original audit**

- 6.1.5 The 2017/18 audit in relation to the effectiveness of Financial Management Standards at the Harbour School resulted in a '**no assurance**' opinion being given. An in year follow up audit was conducted in quarter 3 as part of the 2017/2018 audit plan.

- 6.1.6 13 high risk exceptions were raised as part of the original audit. The results of the follow up testing are detailed in the table below. (6 medium risk exceptions were also raised)

- 6.1.7 Follow-up testing confirmed that the agreed actions for 8 of the high risk exceptions had been fully implemented with 5 in progress

Exception	Follow Up Results	Further Agreed Action
<p>Schools are required to submit a Financial Value Standard (SFVS) to the Local Authority on an annual basis.</p> <p>There was no evidence that an SFVS statement was agreed or submitted to the Local Authority by the Governing Body for year ending March 2016 or by the IEB for year ending March 2017.</p>	<p>An interim SFVS statement is now in place and is due to be signed by the Chair of the IEB at the next committee meeting in November 2017.</p> <p>A review of the schools interim SFVS financial self-assessment confirmed that the IEB response to the 25 questions is 'in line with our judgement'. However, the response to <b>section D: Protecting public money</b> - question 20 states that all exceptions raised in the previous audit report have been addressed.</p>	<p>The SFVS statement <b>Section E: Summary of agreed remedial action and timetable for reporting back</b> will include the October 2017 pre-audit review document as an Appendix as confirmation of outstanding actions from the audit report and the expected completion dates / Chair of IEB by 30.11.2017.</p>

	<b>Follow up testing has highlighted that not all of the agreed actions to the exceptions raised have been fully addressed</b>	
<p>The School Single Central Record (SCR) listed 136 employee entries of which 31 (25%) had exceeded the three year DBS renewal date.</p> <p>During the exit meeting it was confirmed that the document presented to the auditor for testing was not current and the school had already identified that a number of DBS records had exceeded the three year renewal date</p>	<p>The School Single Central Record (SCR) was reviewed during follow up testing. The DELTA SBS on line employee document had 163 permanent employee entries as at 10.11.2017. This figure correlated to the SIMS data for permanent employees.</p>	N/A
<p>The school has a weekly 'let' of facilities.</p> <p>No evidence was sighted to confirm that a current Terms &amp; Conditions of Hire has been signed by the designated person for hire or that the charge has been agreed by the Governing Body on an annual basis.</p>	<p>The IEB minutes dated 17.07.2017 confirm that the Terms &amp; Conditions of Hire and charge for lettings were reviewed with an agreement that no change will be made to the current charge.</p> <p>A signed copy of the Terms &amp; Conditions of Hire for the Portsmouth Sitting Volley Ball Club was evidenced.</p>	N/A
<p>A software package called SCHOOL ASSET MANAGER is used for the administration and control of school assets. At the time of audit there were 1,328</p>	<p>Follow up testing confirmed that 15 new radios were added to the inventory on 08.09.2017. However, only the basic fields were populated – i.e.</p>	<p><u>Short term:</u> The expected inventory / stock control process will be cascaded to all IT and premises staff by 17.11.2017 / Chief</p>



<p>assets on the inventory.</p> <p>Although there are adequate asset fields to record each asset for identification purposes in the event of an insurance claim – a demonstration of the system during on site testing confirmed that only the basic fields are currently populated – i.e. asset name and serial number. Therefore the inventory is not compliant with Financial Rules requirements</p> <p>There was no evidence of an annual physical check of inventory items or of Head teacher authority for disposal.</p>	<p>asset name and serial number.</p> <p>Discussions confirmed that 'a number of' new televisions were delivered to the Fratton site during the summer holidays. There was no evidence from the data reviewed that these items have been asset tagged or added to the Inventory.</p>	<p>Finance Officer - The Delta Education Trust</p> <p><u>Long term:</u> The Interim Executive Board (IEB) will discuss the feasibility of engaging an independent Asset Company to audit all stock to ensure the Register is current and captures all required data fields to be completed by the end of January 2018 / Chair of IEB</p>
<p>The IEB minutes dated 05.04.2017 highlighted an estimated budget deficit of £650k but there was no approved deficit recovery plan in place.</p> <p>The School has been in a deficit budget position since 2014/2015 when a three year deficit budget recovery plan was agreed with the Section 151 Officer and the Governing Body in March 2015. The Deficit Recovery Plan paper highlighted an in year deficit for</p>	<p>Following the recent staff restructure and implementation of budget management controls, the 3 year budget forecast for 2018 to 2020 shows an in-year deficit of £295,050 in year 1 compared to an in-year surplus of £25,386 in year 2 and an in-year surplus of £11,482 in year 3.</p> <p>A report is due to be taken to the Schools Forum to seek agreement to provide</p>	<p>S.151 officer and Director of Children's Services approval will be sought as required by the Scheme for Financing School requirements.</p> <p>The report will then be taken to the next Schools Forum</p>



2014/2015 of £429k and a cumulative deficit carry forward of £392k.	financial support to any remaining b/f deficit.	
<p>17 members of staff have a school purchase card.</p> <p>Testing highlighted a purchase made via Amazon UK Marketplace for a skeleton - cost £147.04 – which was sent to the cardholder's home address.</p> <p>For one employee there were 9/44 (20%) missing receipts value £58.35 (22%) of total for a one month period. Further testing confirmed that the same cardholder had lost 98 receipts – total value £172.66 (24% of total) over a 3 month period.</p>	<p>Purchase card transactions are now coded and approved via a web based system called Barclaycard Spend management System (BSM). Each transaction on the BSM system requires an attached receipt before approval is permitted. The Head teacher approves transactions across all 4 sites.</p> <p>During follow up testing a BSM transaction search was extracted for the cardholder who had a large number of missing receipts during the previous audit.</p> <p>All entries were supported by a valid receipt which was commensurate with the supplier name and purchase made.</p>	N/A
<p>A random sample of 30 purchase orders (total value £24,164.47) across all sites was selected for testing purposes from Financial year 2016/2017.</p> <p>23/30 (77%) with a value of £21,465.57 (89%) of the total were raised retrospectively, breaching Financial Rules.</p>	<p>A sample of 3 purchase orders (total value £5930.06) were reviewed during follow up testing. All 3 were raised before expenditure was incurred.</p>	N/A

<p>The school was operating 2 leased cars, 3 leased mini buses, 1 leased van, 2 rented mini buses and 2 owned mini buses. The logs for these vehicles were incomplete and details recorded were poor and did not comply with the expected controls.</p> <p>No assurance could be given that the vehicles have been used for legitimate business use only or that the drivers (where required) hold current MIDAS certificates.</p>	<p>The Quartix business vehicle tracking system has been installed in all school vehicles. The live vehicle tracking system uses GPS satellites to locate vehicles and mobile technology to ensure their positions are constantly updated. The Quartix daily vehicle log was reviewed during follow up testing. There was evidence that these logs had been checked to the manual logs on a weekly basis by the site manager. The logs were annotated to evidence checks and highlighted anomalies and resulting actions.</p>	N/A
<p>The Financial report for June 2016 (cost code 4501) has a budgeted figure of £3,000.00 for computer hardware.</p> <p>Discussions with the ICT &amp; Estates Manager regarding the procedure for buying ICT equipment highlighted that there is no evidence that the expected procurement rules are being adhered to.</p> <p>It was confirmed that the current procedures for procurement are 'mostly by phone and normally 3 suppliers are contacted'.</p>	<p>A detailed Financial Procedures for Procurement document is now in place which clearly defines expected controls. Due to current budgetary constraints, no large areas of expenditure have been made during the current academic year. The new Financial Procedures for Procurement controls will be followed for all future large areas of expenditure</p>	N/A

Documentation in the 'quotations' folder was muddled and unclear. It was not possible to determine 3 written quotations for the same items.		
<p>The MIDAS log sheet (which listed 26 drivers) was out of date and included drivers who were no longer employed at the school. Nine of the MIDAS expiry dates (33%) had either expired or were not recorded.</p> <p>Because the journey logs for these vehicles are incomplete and details recorded are poor it was not possible to confirm if any of the other drivers whose certificates have expired drove the bus during this period due to the illegibility of the signatures.</p>	<p>A vehicle log book sheet has been introduced for each vehicle. Each sheet clearly details if the driver of the vehicle is required to have a current MIDAS certificate.</p> <p>A list of staff members permitted to drive the vehicle is listed on each log where the vehicle requires a MIDAS qualified driver.</p> <p>The log includes the name of the staff member, the MIDAS number, Midas certificate date and renewal date.</p>	N/A
There was no evidence of a Business Continuity Plan. The Head Teacher was working on a new plan to ensure that the Business Continuity Plan encompasses the risks associated with the provision of each site. The plan will also include a process for ensuring regular fire drills are being completed and	<p>A comprehensive Business Continuity Plan, which is compliant with best practice and updated in September 2017, is now in place.</p> <p>The IEB minutes dated 17.07.2017 confirmed that the IEB approved the SFVS statement (which includes the Business Continuity Plan - question 25).</p>	N/A

recorded across each site.		
<p>Petty cash reconciliations were taking place at the Fratton and Stamshaw Harbour sites.</p> <p>Reconciliations at the Tipner, Cosham and Milton sites were sporadic.</p> <p>The Milton site was closed at the end of May 2017 and due to staff sickness the last reconciliation was in February 2017.</p> <p>The Finance Officer at the Fratton site is in the process of reimbursing staff for petty cash purchases made since that date and reconciling the account. It is not possible to confirm that there are no irregularities or errors within this account until the reconciliation has been completed.</p>	<p>Follow up testing highlighted that monthly petty cash reconciliations are now taking place at the <b>Tipner</b> site</p> <p>Regular reconciliations are not taking place at the <b>Cosham</b> site as there are currently no cheque signatories at this site due to the staffing restructure and there is a large backlog of claims from September 2017.</p> <p>The reconciliation and close down of the <b>Milton</b> site petty cash account is outstanding.</p>	<p>Moving forward the petty cash process will become centralised at the 4 remaining Harbour sites.</p> <p>Monthly reconciliations will be carried out and the finance staff will be cross trained to ensure the process is consistent across the sites.</p> <p>The reconciliation and close down of the <b>Milton</b> site petty cash will be completed by the 30.11.2017 / Chief Finance Officer - The Delta Education Trust</p>
<p>During onsite testing a sample of three employees was selected from the Single Central Record (SCR) to ensure that recruitment and vetting checks had been carried out.</p> <p>A review of the personnel files for the</p>	<p>The contents of the paper based personnel files are currently being reviewed to ensure that only permitted documentation which is compliant with the Data Protection Act is retained.</p> <p>The remaining documentation will be</p>	<p>The file check will be completed, relevant documentation scanned and paper copies destroyed by an external company who will provide an official Certificate of Destruction by 31.12.2017 / Chief Finance Officer - The Delta Education Trust</p>

employees in the sample confirmed that only 2/3 files were available for inspection. Both files contained documentary evidence of qualifications achieved and references. However one of the files also contained bank account details, a birth certificate, DBS number and a driving license.	scanned and all paper copies will be confidentially destroyed. This is an ongoing process.	
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- 6.1.8 Based on follow up testing and the high standard of progress that was made since the audit in June 2017, a '**limited assurance**' opinion on the effectiveness of financial management controls at the school was given.

## 6.2 Housing and Property - Resident Development

- 6.2.1 The 2016/17 audit of the Resident Development resulted in no assurance being given. A follow up audit was conducted as part of the 2017/18 audit plan.
- 6.2.2 6 high risk exceptions were raised as part of the original audit. The results of the follow up testing are detailed in the table below.

Exception	Follow Up Results	Further Agreed Action
Inadequate record keeping in regard to Resident Development Plans, i.e. 76% tested held no evidence of the objectives, progress or measures. This makes it difficult to assess whether any actions taken achieve the desired outcome and are beneficial to the resident.	Testing reviewed an additional sample of cases and 20% of these did not record sufficient information on the resident and their needs. This has improved from the 76% in the original audit	Continuation of the monitoring checks which are being undertaken that have contributed to the improvement in record keeping noted .
The service does not have clear business objectives for this service provision or how the work that is	Resident Development now have a purpose defined which is in line with the overall objectives of the	

undertaken aligns to services provided elsewhere. Without a clear objective or vision the service may suffer from inefficient working practices and duplication of efforts with other Council services.	service which relates to improving residents life skills and chances to help them into work	
Outcomes for the team's caseload are not reported or measured. This means that management are unable to accurately establish if resources are appropriately allocated and distributed to ensure service delivery is effective.	Ongoing monitoring now occurs as noted in the previous exception. Outcome monitoring can be difficult as a resident may not directly inform the Authority of a positive change such as remaining in work. overall objectives is to ensure the rent is continued to be paid and this is monitored for cases which have engaged with the service.	Rent checks will be made when residents engage with the service. This picture will then be used as a monitoring tool to identify any changes following engagement with the service. Service will continue to attempt to communicate with residents who have used the service to obtain further data on its effectiveness.
Inconsistent approach taken to recording financial information for each case. This makes it difficult to assess the effectiveness of the support provided or assurance that the financial support given was appropriate. 90% of the cases tested showed inconsistencies.	Follow up testing identified inconsistencies in the financial recording for 75% of cases tested. While this is an improvement from the original audit it is still high.	Management are to remind staff of the importance of updating both the financial records and the personal progress reports to ensure they reconcile.
Failure to adequately monitor spending against budget allocations, meaning inappropriate or fraudulent spending could go undetected. The budget allocation in this area is £50,000.	It was not possible to reconcile the spend for 80% of the sample tested (8/10)	Management are to remind staff of the importance of updating both the financial records and the personal progress reports to ensure they reconcile.

		Management will also perform spot checks on the financial information to review accuracy
No inventory is kept of equipment used by Resident Development Officers or residents. This is a breach of Financial Rules and without an inventory should any items become damaged, lost or stolen the Authority may not be able to make a claim.	An inventory is now in place however there was no evidence of an annual physical check of the assets as required by Financial Rule L5	An annual check of the inventory will be carried on in January 2018 and evidence of this will be retained.

6.2.3 As the exceptions remain open or in progress, a further audit is planned for the 2018/19 audit plan

## **7. Equality impact assessment (EIA)**

7.1 The contents of this report do not have any relevant equalities impact and therefore an equalities assessment is not required.

## **8. Legal Implications**

8.1 The City Solicitor has considered the report and is satisfied that the recommendations are in accordance with the Council's legal requirements and the Council is fully empowered to make the decisions in this matter.

8.2 Where system weaknesses have been identified he is satisfied that the appropriate steps are being taken to have these addressed.

## **9. Finance Comments**

9.1 There are no financial implications arising from the recommendations set out in this report.

9.2 The S151 Officer is content that the progress against the Annual Audit Plan and the agreed actions are sufficient to comply with his statutory obligations to ensure that the Authority maintains an adequate and effective system of internal audit of its accounting records and its system of internal control.

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Signed by: Elizabeth Goodwin, Chief Internal Auditor

### Appendices:

Appendix A – Completed audits from 2017/18 Audit Plan

Appendix A - Municipal Year 2017/18

Appendix B - Completed follow up audits from 2017/18 Plan

### Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
1 Accounts and Audit Regulations	<a href="http://www.legislation.gov.uk/ukxi/2011/817/contents/made">http://www.legislation.gov.uk/ukxi/2011/817/contents/made</a>
2 Previous Audit Performance Status and other Audit Reports	Refer to Governance and Audit and Standard meetings – reports published online <a href="http://democracy.portsmouth.gov.uk/ieListMeetings.aspx?Committeeld=148">http://democracy.portsmouth.gov.uk/ieListMeetings.aspx?Committeeld=148</a>

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
Signed by: