



Portsmouth
CITY COUNCIL

Internal Audit Progress Report 3rd March 2020

Elizabeth Goodwin, Chief Internal Auditor

1. Introduction

Internal Audit is a statutory function for all local authorities.

The requirement for an Internal Audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015 as to:

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

The standards for 'proper practices' are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2016].

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

This report includes the status against the 2019/20 internal audit plan.

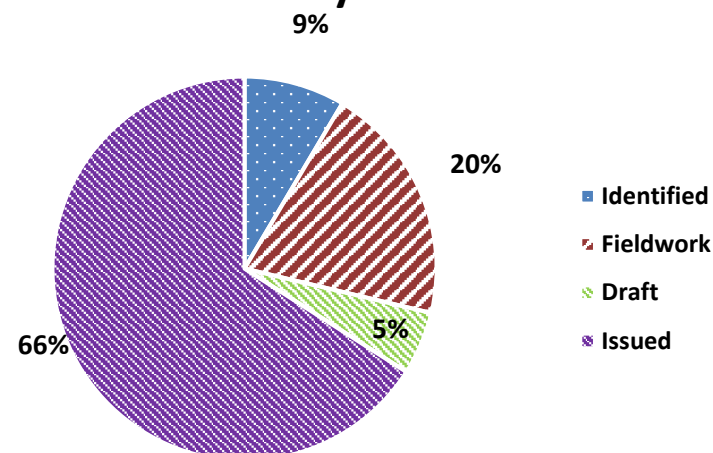
2. Audit Plan Progress as of 29th January 2020

There are 62 Full Audits and 32 Follow ups, in the revised planned for 2019/20, totalling 94 reviews. This is an increase from the plan originally approved in March 2019 and is a direct result of a re-evaluation of risk and the completion of audits outstanding from the 2018/19 plan, where high risk findings were identified.

To date, 86 (91%) have been completed or are in progress as at 29th January 2020. This represents 62 (66%) audits where the report has been finalised, 5 (5%) where the report is in draft and 19 (20%) audits currently in progress.

Status	Audits
Identified	8
Fieldwork	19
Draft Report	5
Final Report	62

Audit Plan Progress as of 29th January 2020



3. Ongoing Internal Audit Involvement

Internal Audit has provided advice, ongoing reviews and involvement work in the following area. (For reference, advice is only recorded when the time taken to provide the advice exceeds one hour):

- Data Analysis and data matching in relation to Duplicate Invoices. Work has been undertaken to use data analytics software to identify potential duplicate invoices and or payments with the view to conduct continuous testing in this area.
- Data matching in relation to payroll records and apprentices. Work has been undertaken to use data analytics software to identify potential apprentices on the wrong national insurance tax code.
- Regulation of Investigatory Powers Act (RIPA) - authorisations and policy review
- Anti-Money Laundering - monitoring, reporting and policy review
- 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 - proactive work to reduce the risk exposure to the authority
- Policy Hub project to ensure that all Council policies are held in one place and staff are notified of the policies relevant to them
- Governance & Audit & Standards Committee - reporting and attendance
- Audit Planning and Consultation
- Risk Management
- Performance Management
- 2 special investigations (excludes Benefit and Council Tax Support cases)
- 14 items of advice, (where the advice exceeds an hours work)
- Health & Safety - ongoing work

4. Audit Plan Status/Changes

The following changes have been made to the plan since the last progress report in September 2019.

Audits removed from the Audit Plan:

- Russets - Testing for Russets is covered under the Residential Units Audit.
- Debt Recovery - Testing within the Accounts Receivable and the Council Tax & NNDR audits cover debt recovery.
- Asset Registration & Valuation - Valuations covered in depth by External Audit, data integrity & qualification to be covered in 2020/21 by Internal Audit
- Children with Disabilities - Activities covered under various audits including Children in Need, Special Educational Needs & Disabilities
- Shared Services - Deferred to the 2020/21 plan to accommodate additional work.
- Short Breaks - Deferred to the 2020/21 plan to accommodate additional work.
- Commercial Rents - Deferred to the 2020/21 plan to accommodate additional work.
- Marine M (Application) - Deferred to the 2020/21 plan to accommodate additional work.
- Information Governance - Deferred to the 2020/21 plan due to a delay in the project oversight.

Audits added into the Audit Plan:

- VESL - Added to the plan following consultation with the Chief Executive, Chief Internal Auditor and the Monitoring Officer.
- Direct Payment Case - Audit added to the plan following concerns on a specific case.
- Supplier Due Diligence (MRM) - Audit added to the plan following concerns raised by multi agencies.
- Parking Permits - consultative item of work being carried out due to issues identified.
- Portico CCTV - Audit determined and added to the plan following consultation with the Portico board.
- Portico Disaster Recovery - Audit determined and added into the audit plan following consultation with the Portico board.
- Portico Budget Monitoring - Audit added to the plan as high risk exceptions were identified during 2018/19 audit.
- Portico GDPR - Audit added to the plan as high risk exceptions were identified during 2018/19 audit.
- Portico Gifts & Hospitality - Audit added to the plan as high risk exceptions were identified during 2018/19 audit.
- Portico Health & Safety - Audit added to the plan as high risk exceptions were identified during 2018/19 audit.

- Fernhurst - Audit requested by the school
- Disabled Facility Grant - Additional grant funding requiring 2nd Grant Verification
- Port Brexit Grant - New Grant Verification

Amendments made to the Audit Plan:

- Mainland Marketing Deliveries - Amended to 'Portico - Accounts Payable' as portico audits have been determined following consultation with the portico board. Please note that Mainland Marketing Deliveries has now changed its name to Portico.

5. Areas of Concern

- Following on from the previous 'No Assurance' audits below is the follow up summary on Home to School Transport and Hire Cars.
- 'No Assurance' audit Deprivation of Liberties Safeguards.

Home to School Follow Up

An audit into PCC home to school transport provision was undertaken as part of the 2018/19 Audit Plan. Six exceptions: two critical-risk, two high-risk, one medium-risk and one low-risk, were raised as a result of testing undertaken during the audit.

An initial follow-up on the exceptions raised was undertaken in July 2019, and a further update on the position was requested by September 2019. On both occasions, there was insufficient progress against the actions, and significant areas of concern remained. As a result, Internal Audit has continued to work with the service to find an appropriate resolution, and the position given below represents the final follow-up, as at November 2019.

Previous Compliance with Policies, Laws and Regulations Assurance Level: No Assurance

Current Compliance with Policies, Laws and Regulations Assurance Level: Assurance

Insurance

A critical-risk exception was raised in the original report as testing was unable to evidence that operators, employed to undertake home to school routes, had provided the insurance documentation required under the procurement framework.

Following consultation with audit, and clarification with the providers, follow-up testing in November 2019 revealed that relevant insurance had been sighted for all organisations.

This exception has been closed.

Licensing & Disclosure & Barring Service (DBS)

A critical risk exception was raised in the original audit, as it was not possible to verify the DBS status for all PCC drivers and passenger assistants; nor was it possible to conduct any reconciliation with licensing records for drivers working for the contracted operators.

Follow-up testing in November 2019 revealed that lists of drivers have now been obtained for all eight providers, and a reconciliation with licensing authority records has now been undertaken. A concern was raised in respect of one driver, licensed by Havant Borough Council, for whom a DBS date could not be confirmed. The Transport Operations Manager has advised that the driver has been removed from the route, pending clarification.

This exception has been closed.

Tender Process

Framework

A high-risk exception was raised in the original audit, as it was not possible to clarify the details of the framework under which the home to school transport team procure their services.

Follow up testing revealed that a meeting had been held with Procurement, who confirmed the current use of the DPS framework. A new tender exercise, involving revised KPIs and penalties was also discussed. The Safer Travel Manager advised that any retendering activity will need to involve Education, and that initial discussions are being held.

This exception is in progress.

Tenders

A medium risk exception was raised in the initial audit, in respect of an erroneous entry within the departmental route monitoring spreadsheet.

The Safer Travel Manager advised, during follow-up testing, that all school routes were being planned in July, in response to entitlement data being provided by the Education directorate. They confirmed that, when route planning is complete, the master spreadsheet will be completely up to date. This can be accessed by all of the Transport Operations Team and is updated when necessary during the course of the academic year. Further testing on the accuracy of the spreadsheet records has not been undertaken, as routes were not yet complete at the time of the initial follow-up testing.

This exception is noted to be in progress.

Invoices

A low-risk exception has been raised in the original audit, in relation to a small discrepancy between an invoice received and the departmental records.

Follow-up testing established that the Transport Operations Unit has rewritten a process manual, to ensure consistency in all administrative and financial processes. The Safer Travel Manager advised that it is used as a daily reference guide by staff, and that it should help to ensure that accurate records are maintained.

This exception has been closed.

Previous Effectiveness & Efficiency of Operations Assurance Level: Limited Assurance

Current Effectiveness & Efficiency of Operations Assurance Level: Limited Assurance

Monitoring & Complaints

Audit testing sought to establish that there was effective monitoring of provider performance and compliance, and that there was a thorough method by which to record and address any complaints made against the service.

A high-risk exception was raised in the initial audit, as it was not possible to establish any formalised compliance or performance monitoring and, whilst some complaint records were located, they did not correlate with information obtained from the Safer Travel Manager, nor were they recorded with reference to a defined complaints procedure.

Information received as part of the audit follow-up established that the complaints procedure has been rewritten. It provides clear contact information for parents wishing to make a complaint; however, it does not include specific information about the complaints process. The Transport Operations Manager advised that this will be included in an automatic email response for any complaint received to the email inbox. This process has not been enacted, however, and the exception remains in progress.

Previous Completion of the audit Assurance Level: No Assurance

Current Completion of the audit Assurance Level: Reasonable Assurance

The first audit follow-up was completed in July 2019, at which point it was noted that many of the areas of concern identified in the original audit had not been addressed. Discussions between Internal Audit and the Transport team were held throughout August 2019, in order to monitor progress ahead of the revised September deadline. This deadline was again not met, and further discussions continued until 31st October. The summaries provided in this report represent the final position, as at 6th November 2019.

Two high-risk and one medium-risk exceptions remain in progress, at the completion of follow-up testing. Until these actions can be completed, and the associated risks can be mitigated, Internal Audit can only give reasonable assurance that the processes and procedures around the delivery of home to school transport are of low risk to the authority. A full audit, specifically focusing on the original concerns noted during this year, will be carried out in 2020/21. This will be undertaken to ensure that, whilst actions have been implemented, they continue to be carried out each year.

Hire Cars Follow Up

A review of the administration and control of hire cars at PCC was conducted during the 2018/2019 Internal Audit Plan. Original testing highlighted four high risk exceptions and an overall audit opinion of 'No Assurance'.

A follow up audit was carried out as part of the 2019/20 Internal Audit Plan to ensure the agreed actions to the exceptions raised during the initial review have been implemented. A summary of the results of the follow up testing has been detailed below under following assurance levels;

Previous Compliance with Policies, Laws and Regulations Assurance Level: Limited Assurance

Current Compliance with Policies, Laws and Regulations Assurance Level: Limited Assurance

SMC Contract

During original testing an exception was raised following a review of the current contract on the procurement supplier management system 'Intend.'

In summary, initial testing was unable to sight a signed contract between Portsmouth City Council and Southern Motor Contracts following a review of intend and a copy of the contract was not available from the fleet team. There was also no evidence that KPIs have been completed since the beginning of the contract in 2016. In addition, the assigned contacts for the contract were incorrect.

The agreed actions were; to ensure that a copy of the current signed contract is made available on Intend. However, follow up testing has confirmed that the contract is still not available via Intend and furthermore, the original contract expired on 31/03/2019 (with an option of a 2 year extension period). A request to extend the period is in progress at the time of follow up testing.

In addition, it was agreed that KPI monitoring would be carried out and evidenced as per Contract requirements; however, this has not occurred due to the expiry of the contract.

Finally, the name of the main contact for the contract has been confirmed via a review of Intend as the Safer Travel Manager as per the agreed action; however, as the contract has expired, this is not relevant at this stage.

Based on testing conducted this exception remains open.

Driving Assessments -

During original testing an exception was raised following a review of the driving assessments.

The original review highlighted that only 3 from a sample of 25 employees (12%) had completed a driving assessment before the date of invoice / date of accident or incident.

The initial agreed actions was that a corporate communication would be sent reminding all employees of the driving assessment requirements and that PCC will liaise with Southern Motor Contracts to consider adding a step to the on-line portal which will require potential hire car users to acknowledge that they have completed a driving assessment before hiring a vehicle.

The Safer Travel Manager stated that instead of a corporate communication being sent, an on-line driving assessment has been introduced for staff completion. Discussions with the Transport Operations Manager during follow up testing confirmed that an on-line driving assessment has been implemented and shared with the first group of hire car users (most active users). Completion was required by 31/07/2019. Follow up testing highlighted 333 drivers in the first group and as of September 2019 there was only evidence that 203/333 (61%) have completed the online driving assessment while 130/333 (39%) have not.

In addition following on from this process there will be a change in the booking system so hirers can only book a vehicle on completion of the required driving assessment.

As both processes are yet to be fully completed this exception is in progress.

Previous Effectiveness & Efficiency of Operations Assurance Level: Limited Assurance

Current Effectiveness & Efficiency of Operations Assurance Level: Limited Assurance

Pre-Journey Checks

Original testing highlighted that pre journey checks are required to be completed prior to the hire car being driven. This process was implemented on 20/02/2019 so there were no completed forms to review for testing purposes. However, a review of the inspection sheet highlighted that the document did not specify a reporting timeframe, did not identify the originator of the form or specify an expected escalation process.

The agreed action was that the narrative of the message and document would be updated to incorporate the points made in the exception and the implementation of the new process should help to strengthen the internal control process.

Follow up testing confirmed that the originator of the completed form can now be confirmed via the sender of the email, the escalation process is in place via a statement that 'the hirers cost code could be liable' and the inspection sheet specifies a reporting timeframe.

In addition, a review of the hire car statements for June 2019 confirmed there were 293 cars invoiced. A sample of 10/293 (3%) were randomly selected to ensure the inspection sheet had been completed prior to the journey being made. The Safer Travel Manager confirmed that the inspection sheets are held within the "Fleet Management" inbox.

Follow up testing confirmed that there was evidence of a completed inspection sheet for 1/10 (10%) of the sample tested, there was no evidence that 5/10 (50%) had completed an inspection sheet and the remaining 4/10 (40%) did not require an inspection sheet due to the nature of the hire.

Discussions with the Transport Operations Manager confirmed that a new process has been implemented as of 27/08/2019 where hirers that do not complete a pre/post journey check are sent a non-compliance warning. The warning states "if the hirer is to receive another warning within a 3 month period a temporary suspension of 30 days of hire car usage will be implemented." An example of this process was sighted.

Based on follow up testing conducted this exception is in progress.

Driving Accidents and Incidents

Original audit testing highlighted a total of 17 hire car claims made during the testing period of 01/04/2018 to 31/01/2019 at a total cost of £4,333.17 which was then recharged to departmental budgets.

5/17 (29%) of the accidents were reported by the employee to the PCC Insurance team within 24 hours of the incident. However, 12/17 (71%) of the claims had no evidence that notification had been sent to the PCC Insurance Team, but the damage was reported to the team by an employee from SMC.

The initial agreed action was that a corporate communication was to be sent to all employees who drive vehicle owned/leased to the council as part of their core activities to remind them of the requirement to complete an Accident and Incident form and send to the PCC insurance Team within 24 hours of an occurrence. In addition, the Pre-journey Accident and Incident form would be updated to remind drivers of Accident and Incident reporting requirements and the consequences as per the driving for work policy of not complying within the expected timescales.

Follow up testing confirmed that, at the time of testing, no corporate communication had been sent to employees; however, the inspection sheet was updated on 17/07/2019 with the requirement to notify the insurance team of any accidents or incidents within 24 hours.

In addition, a report was extracted from Evo Claims of all accidents and incidents between the period 18/07/2019 - 31/08/2019.

There were 6 accidents during this period at a total cost of £812.00 to departmental budgets.

Follow up Testing highlighted:

- 3/6 (50%) accidents were reported by SMC to the PCC insurance team.
- 1/6 (17%) accidents was reported by the next driver following a pre-journey check.
- 2/6 (33%) accidents were reported by the PCC employee to the PCC insurance team within 24 hours of the accident.

Based on follow up testing conducted this exception is in progress.

Previous completion of the audit Assurance Level: No Assurance

Current completion of the audit Assurance Level: Limited Assurance

Four high risk exceptions were raised as a result of the original audit which resulted in a no assurance audit opinion.

Based on follow up testing one high risk exception remains open and three high risk exceptions are now in progress. While it can be evidenced that progress has been made towards the agreed actions to the exceptions raised, testing has been unable to verify the effectiveness of the controls due to the timescale of implementation, and as a result Internal Audit can offer Limited Assurance that this area is of low risk to the authority.

6. 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 and Audits and Standards Committee along with any Director's comments. The Committee is able to request any director attends a meeting to discuss the issues.

7. 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 and Audits and Standards Committee along with Director's comments

8. 2019/20 Audits completed to date (29th January 2020)

IS Helpdesk & Desktop Management - Director of Corporate Services

Exceptions Raised

Critical	High	Medium	Low
0	1	2	0

Overall Assurance Level
Reasonable Assurance

Agreed actions are scheduled to be implemented by January 2020

Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	NAT
Safeguarding of Assets	NAT
Effectiveness and Efficiency of Operations	Limited Assurance
Reliability and Integrity of Data	NAT

One high risk exception was raised in relation to expired/incomplete GDPR mandatory training records. Two medium risk exceptions were also raised as part of the review.

Claims (Insurance) - Director of Housing, Neighbourhood and Building Services

Exceptions Raised

Critical	High	Medium	Low
0	4	3	0

Overall Assurance Level
Limited Assurance

Agreed actions are scheduled to be implemented by February 2020

Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	Limited Assurance
Safeguarding of Assets	NAT
Effectiveness and Efficiency of Operations	Limited Assurance
Reliability and Integrity of Data	NAT

Four high risk exceptions were raised in relation to; full investigation notes or photographic evidence which could not be located for claim investigations, inadequate record keeping for claims, lack of formal management authorisation or oversight and unsuitably controlled access permissions. Three medium risk exceptions have also been raised as a result of this review.

PCC Cafes - Director of Housing, Neighbourhood and Building Services
Exceptions Raised

Critical	High	Medium	Low
0	6	1	0

Overall Assurance Level
Limited Assurance
Agreed actions are scheduled to be implemented by March 2020
Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	Limited Assurance
Safeguarding of Assets	Limited Assurance
Effectiveness and Efficiency of Operations	NAT
Reliability and Integrity of Data	NAT

Six high risk exceptions have been raised in relation to; the security of the key safe, no overall stock records, incorrect level of VAT charged on items, lack of mandatory training, non-compliance with the purchase card policy and procedure and incorrect/failure of costing for sales items, which impacts on profitability and the café's sustainability. One medium risk exception was also raised as a result of this review.

Estate Services- Director of Housing, Neighbourhood and Building Services
Exceptions Raised

Critical	High	Medium	Low
0	3	2	0

Overall Assurance Level
Limited Assurance
Agreed actions are scheduled to be implemented by July 2020
Assurance Level by Scope Area

Achievement of Strategic Objectives	Assurance
Compliance with Policies, Laws & Regulations	Reasonable Assurance
Safeguarding of Assets	NAT
Effectiveness and Efficiency of Operations	Limited Assurance
Reliability and Integrity of Data	NAT

Three high risk exceptions were raised as a result of this review in relation to; failure to undertake and evidence the monitoring and feedback to staff on the delivery of service objectives, incomplete mandatory training and failure to undertake and evidence block checks. Two medium risk exceptions were also raised as a result of this review

Guildhall- Director of Housing, Neighbourhood and Building Services
Exceptions Raised

Critical	High	Medium	Low
0	1	2	0

Overall Assurance Level
Limited Assurance
Agreed actions are scheduled to be implemented by July 2020
Assurance Level by Scope Area

Achievement of Strategic Objectives	Reasonable Assurance
Compliance with Policies, Laws & Regulations	Reasonable Assurance
Safeguarding of Assets	Limited Assurance
Effectiveness and Efficiency of Operations	Reasonable Assurance
Reliability and Integrity of Data	NAT

One high risk exception was raised in relation to the sustainability of the Guildhall function and reliance on PCC support. Two medium risk exceptions were also raised as a result of this review.

Planning - Director of Regeneration
Exceptions Raised

Critical	High	Medium	Low
0	0	1	1

Overall Assurance Level
Reasonable Assurance
Agreed actions are scheduled to be implemented by March 2020
Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	Assurance
Safeguarding of Assets	Assurance
Effectiveness and Efficiency of Operations	Reasonable Assurance
Reliability and Integrity of Data	NAT

One medium risk exception was raised in relation to late responses in the sample tested for pre-application planning advice. One low risk exception was also raised as a result of this review.

Purchase Cards - Director of Finance and Revenues
Exceptions Raised

Critical	High	Medium	Low
0	1	4	2

Overall Assurance Level

Limited Assurance

Agreed actions are scheduled to be implemented by December 2019

Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	Limited Assurance
Safeguarding of Assets	NAT
Effectiveness and Efficiency of Operations	Reasonable Assurance
Reliability and Integrity of Data	Assurance

One high risk exception was raised in relation to; purchase card holders making split transactions which circumvents the Purchasing Cards Policy and Procedure rules. The medium risks exceptions were raised in relation to the policy and procedure not been current and accessible, purchase card holders spending over their transaction limits as the limits were not decreased as required, receipts which did not contain all the required information to re-claim VAT and managers failing to notify the purchasing card team of a long term absentee. Two low risk exceptions were also raised as a result of this review.

Banking - Director of Finance and Revenues
Exceptions Raised

Critical	High	Medium	Low
0	0	3	1

Overall Assurance Level

Reasonable Assurance

Agreed actions are scheduled to be implemented by March 2020

Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	Reasonable Assurance
Safeguarding of Assets	Reasonable Assurance
Effectiveness and Efficiency of Operations	Reasonable Assurance
Reliability and Integrity of Data	NAT

Three medium risk exceptions were raised in relation to out of date procedure documents, access to systems being unsuitably controlled and in-adequate documentation for contract monitoring. One low risk exception was also raised as a result of this review.

Treasury Management - Director of Finance and Revenues
Exceptions Raised

Critical	High	Medium	Low
0	0	0	1

Overall Assurance Level
Assurance
Agreed actions are scheduled to be implemented by April 2020
Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	Assurance
Safeguarding of Assets	Assurance
Effectiveness and Efficiency of Operations	Assurance
Reliability and Integrity of Data	NAT

One low risk exception was raised as a result of this review as the appropriate delegation of decisions on investments and borrowing on behalf of the Authority has not been detailed within the Treasury Management policy

Housing Benefits & Local Council Tax Support - Director of Finance and Revenues
Exceptions Raised

Critical	High	Medium	Low
0	0	0	2

Overall Assurance Level
Assurance
Agreed actions are scheduled to be implemented by January 2020
Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	Assurance
Safeguarding of Assets	NAT
Effectiveness and Efficiency of Operations	Assurance
Reliability and Integrity of Data	NAT

Two low risk exceptions was raised as a result of this review in relation to Verified Earnings and Pension tasks assigned with a lower priority which may not be completed due to the number of alerts received and the resources required to complete them as well as insufficient record keeping on penalties applied .

Residential Units - Director of Adult Social Care
Exceptions Raised

Critical	High	Medium	Low
0	1	4	0

Overall Assurance Level
Reasonable Assurance
Agreed actions are scheduled to be implemented by December 2019
Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	Reasonable Assurance
Safeguarding of Assets	Limited Assurance
Effectiveness and Efficiency of Operations	Assurance
Reliability and Integrity of Data	NAT

One high risk exception has been raised as it was established that laptops that have been allocated to staff for off-site use; however, there was no evidence that an agreement form is in place accepting the conditions of use when removing assets from the unit.. Four medium risk exceptions were also raised as a result of this review.

Edge of Care - Director of Children Social Care
Exceptions Raised

Critical	High	Medium	Low
0	1	1	0

Overall Assurance Level
Limited Assurance
Agreed actions are scheduled to be implemented by March 2020
Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	Limited Assurance
Safeguarding of Assets	NAT
Effectiveness and Efficiency of Operations	Reasonable Assurance
Reliability and Integrity of Data	NAT

One high risk was raised as key documents could not be readily identified and there was insufficient evidence to support the Edge of Care process being consistently followed. One medium risk exception was also raised as a result of this review.

Water Safety - Director of Culture, Leisure & Regulatory
Exceptions Raised

Critical	High	Medium	Low
0	2	1	0

Overall Assurance Level
Limited Assurance
Agreed actions are scheduled to be implemented by July 2020
Assurance Level by Scope Area

Achievement of Strategic Objectives	Limited Assurance
Compliance with Policies, Laws & Regulations	Limited Assurance
Safeguarding of Assets	Assurance
Effectiveness and Efficiency of Operations	Reasonable Assurance
Reliability and Integrity of Data	NAT

Two high risk exceptions have been raised as testing could not establish any formal guidance in relation to responsibilities for the areas of water around Portsmouth and no strategy or guidance that outlines when risk assessments should be carried out. One medium risk exceptions has also being raised as a result of this review.

Voluntary and Social Action - Director of Culture, Leisure & Regulatory
Exceptions Raised

Critical	High	Medium	Low
0	3	1	1

Overall Assurance Level
Limited Assurance
Agreed actions are scheduled to be implemented by October 2019
Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	Limited Assurance
Safeguarding of Assets	NAT
Effectiveness and Efficiency of Operations	Limited Assurance
Reliability and Integrity of Data	NAT

Three high risk exceptions were raised as there is a lack of evidence to support the fact that expected procedures are being adhered to in relation to volunteers. In addition, there appears to be a weakness in control in relation to DBS checks and non-compliance with the correct use of documentation for the claiming of expenses. One medium risk exception was also raised as a result of this review.

Emergency Planning & Disaster Recovery - Director of Port
Exceptions Raised

Critical	High	Medium	Low
0	0	0	0

Overall Assurance Level

Assurance

Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	NAT
Safeguarding of Assets	NAT
Effectiveness and Efficiency of Operations	Assurance
Reliability and Integrity of Data	NAT

No exceptions were raised during this review.

Incomes Dues Condor - Director of Port
Exceptions Raised

Critical	High	Medium	Low
0	0	2	0

Overall Assurance Level

Reasonable Assurance

Agreed actions are scheduled to be implemented by March 2020

Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	NAT
Safeguarding of Assets	NAT
Effectiveness and Efficiency of Operations	Reasonable Assurance
Reliability and Integrity of Data	NAT

Two medium risk exceptions were raised during this review in relation to; reconciliation of incomes due to manifests showing an understatement and no charge raised by Condor for the carriage of domestic pets.

NHS Digital Submission - Director of Public Health
Exceptions Raised

Critical	High	Medium	Low
0	0	1	0

Overall Assurance Level
Reasonable Assurance
Agreed actions are scheduled to be implemented by July 2019
Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	Reasonable Assurance
Safeguarding of Assets	NAT
Effectiveness and Efficiency of Operations	NAT
Reliability and Integrity of Data	NAT

One medium risk exception has been raised during this review as births data which was required to be deleted due to a change in a way that NHS Digital supplied the data, was retained.

Copnor School - External
Exceptions Raised

Critical	High	Medium	Low
0	2	3	0

Overall Assurance Level
Reasonable Assurance
Agreed actions are scheduled to be implemented by October 2019
Assurance Level by Scope Area

Achievement of Strategic Objectives	Limited Assurance
Compliance with Policies, Laws & Regulations	Limited Assurance
Safeguarding of Assets	Assurance
Effectiveness and Efficiency of Operations	Assurance
Reliability and Integrity of Data	Reasonable Assurance

Two high risk exceptions were raised in relation to lack of evidence for a completed financial competency matrix and the documentation for Hire Agreement Arrangements.

Corpus Christi - External
Exceptions Raised

Critical	High	Medium	Low
0	0	1	1

Overall Assurance Level

Assurance

Agreed actions are scheduled to be implemented by February 2020

Assurance Level by Scope Area

Achievement of Strategic Objectives	Assurance
Compliance with Policies, Laws & Regulations	Reasonable Assurance
Safeguarding of Assets	Reasonable Assurance
Effectiveness and Efficiency of Operations	Assurance
Reliability and Integrity of Data	Assurance

One medium and one low risk exceptions were raised as a result of this review in relation to no evidence of visible security marking on inventory and failure to provide valid VAT receipts.

Manor Infant - External
Exceptions Raised

Critical	High	Medium	Low
0	2	2	0

Overall Assurance Level

Reasonable Assurance

Agreed actions are scheduled to be implemented by December 2019

Assurance Level by Scope Area

Achievement of Strategic Objectives	Assurance
Compliance with Policies, Laws & Regulations	Limited Assurance
Safeguarding of Assets	Limited Assurance
Effectiveness and Efficiency of Operations	Assurance
Reliability and Integrity of Data	Assurance

Two high risk exceptions were raised In relation to the hire-agreement arrangement and the current practices in place for the inventory. Two medium risk exceptions were also raised as a result of this review.

Bus Subsidy Grants - Director of Finance and Revenues

Grant Verification - Testing was able to evidence sufficient capital expenditure to allow the Chief Internal Auditor to sign the declaration confirming the grant conditions had been complied with.

Port Grant PECS - Director of Port

Grant Verification - Testing was able to evidence sufficient capital expenditure to allow the Chief Internal Auditor to sign the declaration confirming the grant conditions had been complied with.

Port Grant 2SEAS SPEED - Director of Port

Grant Verification - Testing was able to evidence sufficient capital expenditure to allow the Chief Internal Auditor to sign the declaration confirming the grant conditions had been complied with.

Disabled Facilities Grant - Director of Housing, Neighbourhood and Building Services

Grant Verification - Testing was able to evidence sufficient capital expenditure to allow the Chief Internal Auditor to sign the declaration confirming the grant conditions had been complied with.

Orpheus EU Grant - Director of Children, Families and Education

Grant Verification - Testing was able to evidence sufficient capital expenditure to allow the Chief Internal Auditor to sign the declaration confirming the grant conditions had been complied with.

Disabled Facilities Grant (Additional Funding) - Section 151 Officer

Grant Verification - Testing was able to evidence sufficient capital expenditure to allow the Chief Internal Auditor to sign the declaration confirming the grant conditions had been complied with.

9. 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>

10. 2019/20 Follow-up Audits to date (29th January 2020)

Port Accounts Payable and Receivable - Director of the Port

Original Exceptions Raised

Critical	High	Medium	Low
0	5	1	0

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

Original Assurance Level

Reasonable Assurance

Follow-up Assurance Level

Assurance

Follow Up Action

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

Follow up testing confirmed that two medium risk exceptions have now been closed and verified; one has been closed and verified, while one remains open due to a small area of non-compliance to PCC Financial Rule R9. The latest agreed action is an ongoing action.

Home to School Transport - Director of Regeneration

Original Exceptions Raised

Critical	High	Medium	Low
2	2	1	1

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

Original Assurance Level

No Assurance

Follow-up Assurance Level

Reasonable Assurance

Follow Up Action

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

Follow up testing confirmed that the two critical risk and one low risk exceptions have now been closed and verified. Two high risk and one medium risk exception remains in progress. The latest implementation date is March 2020. Further details can be found within section 5 of this report.

Mobile Phones - Director of Corporate Services
Original Exceptions Raised

Critical	High	Medium	Low
0	1	2	1

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

Original Assurance Level

Limited Assurance

Follow-up Assurance Level

Limited Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
3 (1 High) (2 Medium)	0	1 (Low)	0	0	0	0	0

Follow up testing has confirmed that one low risk exception is in progress and the high and two medium risk exceptions remain open. This is in relation to the administration of issuing mobile devices, the monitoring and analysis on the usage of the devices and inventories for mobile devices. In addition further testing was conducted following concerns which identified a high risk in relation to mobile devices which are at a cost of just under £30,000 to the authority, however not in use. The latest implementation date is March 2020.

Homelessness and Temporary Accommodation - Director of Housing, Neighbourhood and Building Services
Original Exceptions Raised

Critical	High	Medium	Low
0	1	1	0

Latest implementation date scheduled during the original audit was in May 2019.

Original Assurance Level

Limited Assurance

Follow-up Assurance Level

Limited Assurance

Follow Up Action

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

Follow up testing has confirmed that one medium risk is now in progress and one high risk exception has remained open. This is in relation to the lack of reconciliations for temporary accommodation payments. The new revised implementation date is November 2019.

Hire Cars - Director of Regeneration
Original Exceptions Raised

Critical	High	Medium	Low
0	4	0	0

Latest implementation date scheduled during the original audit was in May 2019.

Original Assurance Level

No Assurance

Follow-up Assurance Level

Limited Assurance

Follow Up Action

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

Follow up testing has confirmed that one high risk exception remains open and three high risk exceptions are now in progress. The new revised implementation date is January 2020. Further details can be found within section 5 of this report.

Gifts and Hospitality - Portico
Original Exceptions Raised

Critical	High	Medium	Low
0	1	0	0

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

Original Assurance Level

No Assurance

Follow-up Assurance Level

Limited Assurance

Follow Up Action

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

Follow up testing has confirmed one high risk exception remains open. This is in relation to the acceptance and rejection of gifts and hospitality. The revised implementation date is January 2020.

Appointeeships - Director of Adult Social Care

Original Exceptions Raised

Critical	High	Medium	Low
0	1	1	1

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

Original Assurance Level

Reasonable Assurance

Follow-up Assurance Level

Reasonable Assurance

Follow Up Action

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

Follow up testing has confirmed one high risk exception is in progress, one medium risk exception is implemented but not effective and the low risk exception is not closed verified. The exception in progress is in relation to reconciliations to client accounts, the exception that is implemented but not effective is in relation to client reconciliations to Appointeeship transactions and bills. The revised implementation date is May 2020.

Community Centres (PCC Staffed) - Director of Housing, Neighbourhood and Building Services
Original Exceptions Raised

Critical	High	Medium	Low
0	8	0	0

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

Original Assurance Level

No Assurance

Follow-up Assurance Level

Reasonable Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	2 High	0	6 High	0	0	0

Follow up testing has confirmed that six high risk exceptions have now been closed and verified. Two high risk exceptions are in progress, these are in relation to hire agreement documentation and the formalisation of Café and Bar trading.

11. Audits in Draft to date (29th January 2020)

Audit	Directorate	Draft Since	Projected Issue Date	Revised	Comments
Community & Hospital Based Assessments	Adult Social Care	24/01/2020	03/02/2020		
Fostering	Children Social Care	24/01/2020	28/02/2020		Delay in issuing due to main contact on leave.
Fernhurst	Children Services and Education	29/01/2020	05/02/2020		
Strategic Project Management	Regeneration	20/12/2019	10/02/2020		
VESL	Executive	29/01/2020	31/03/2020		

12. Audits in Progress to date (29th January 2020)

Audit	Directorate	Delayed	Projected Issued Date	Revised Issued Date	Comments
Direct Payment Case	Finance & IS	No	March		
Accounts Receivable	Finance & IS	No	March		
Alcohol Treatment Capital Fund	Public Health	No			Grant verification therefore ongoing.
Apprentice Levy	HR, Legal & Performance	No	March		

Budget Monitoring	Portico	No	March		
Freedom of Information	Community and Communications	No	March		
GDPR	Portico	No	March		
Health and Safety	Portico	No	March		
Income Dues Portico	Port	No	March		
Modern Slavery	HR, Legal & Performance	No	March		
Port - CCTV	Port	No	March		
Port - IT Security, Email, back ups etc	Port	No	March		
Port - Maintenance	Port	No	March		
CCTV	Portico	No	March		
Disaster Recovery	Portico	No	March		
Accounts Payable	Portico	No	March		
Public Health Outcomes	Public Health	No	March		
Rents & Charges	Housing, Neighbourhood and Building Services	No	March		
Youth Offending Team	Children Social Care	No	March		

13. Exceptions

Of the 2019/20 full audits completed, 38 exceptions have been raised. A breakdown of the exceptions within each category is detailed below:

Risk	Total
Critical Risk	1
High Risk	43
Medium Risk	38
Low Risk - Improvement	7

