



Portsmouth  
CITY COUNCIL

## Internal Audit Progress Report 24th July 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.

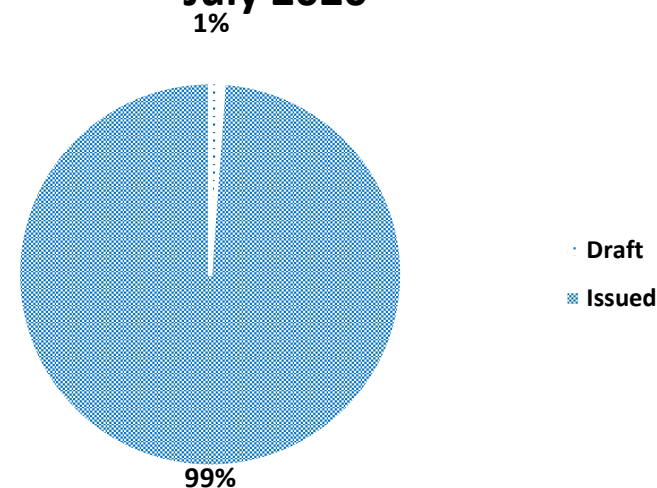
## 2. Audit Plan Progress as of 3<sup>rd</sup> July 2020

There are 57 Full Audits and 31 Follow ups, in the revised planned for 2019/20, totalling 88 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, 87 (99%) have been completed and one report remains in draft as at 30<sup>th</sup> June 2020.

| Status       | Audits |
|--------------|--------|
| Identified   | 0      |
| Fieldwork    | 0      |
| Draft Report | 1      |
| Final Report | 87     |

**Audit Plan Progress as of 3<sup>rd</sup> July 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 using 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 using data analytics software to identify potential apprentices on the wrong national insurance tax code.
- Regulation of Investigatory Powers Act (RIPA) - authorisations (if applicable) 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 & Annual Governance Statement
- Performance Management
- 6 special investigations (excludes Benefit and Council Tax Support cases)
- 24 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 March 2020.

### **Audits removed from the Audit Plan:**

- Alcohol Treatment Capital Funding - Grant removed from the 2019/20 audit plan as the grant required sign off on 31<sup>st</sup> March 2020. Deferral of payment is pending on purchase of property.
- Sheltered Housing - Audit removed from the 2019/20 audit plan due to resources (PCC staff) redeployed from coronavirus impact.
- Public Health Outcomes - Audit removed from the 2019/20 audit plan due to resources (PCC staff) redeployed from coronavirus impact.
- Port Grant Brexit - Grant removed from the 2019/20 audit plan as no submission was provided by the client, to be deferred to 2020/21 audit plan if required.
- Compliance with Safety Checks - Audit deferred to the 2020/21 audit plan as too many areas remain untested from the coronavirus impact.

## 5. Areas of Concern

Following on from the previous 'No Assurance' audit below is the follow up summary on Port - CCTV.

### **Port - CCTV**

An audit of the processes and procedures surrounding CCTV operation at Portsmouth Port was undertaken in accordance with the 2018/19 Audit Plan. The issues raised during that audit, and the actions agreed, have been followed up within this report.

**Previous Achievement of Organisation's Strategic Objectives Assurance Level:** Limited Assurance

**Current Achievement of Organisation's Strategic Objectives Assurance Level:** Assurance

CCTV Policy

A high-risk exception was raised during initial testing in December 2018, which revealed that there was no current CCTV policy, and that staff were not aware of the existing Code of Practice.

Follow-up enquiries have revealed that a new policy was put into place in June 2019, and revised in September 2019. The Systems/Standards Compliance Manager advised that knowledge of this policy, and CCTV security awareness, now forms part of the staff induction. A copy of the policy, as well as staff training presentation, was provided in response to testing, and all documents are available to staff via the Sharepoint system. As at March 2020, the Systems/Standards Compliance Manager has advised that a request has been made with the Port communications team to issue new policy documentation to all staff as part of the next Port Briefing.

This exception has been closed.

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

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

Compliance with Surveillance Camera Code of Practice

A high-risk exception was raised in 2018/19, as it was not possible to demonstrate that the Port was operating in compliance with the twelve guiding principles of the Surveillance Camera Code of Practice. Compliance with these principles was evaluated with reference to a completed self-assessment tool, with clarification and further evidence provided by the Duty Port Operations Manager.

Follow-up testing has established that, whilst a number of the areas of concern have been resolved separately, a new self-assessment, undertaken by a cross-functional group from Compliance, Engineering and IT, has identified issues in the competency of the system that require action. The assessment states that the aging sprite system is starting to fail, and that replacement software is no longer available to maintain imagery to evidential requirements. Discussion following testing revealed that the Commercial Port Engineering Manager does not agree with this statement; however, it is recognised that a replacement system would be beneficial, and work on a joint project with PCC Housing is underway to explore potential synergies.

This exception remains open.

**Previous Safeguarding of Assets Assurance Level: Limited Assurance**

**Current Safeguarding of Assets Assurance Level: Assurance**

Access to the Control Room

A high-risk exception was raised in 2018/19, as an analysis of control room entry logs revealed that there was the potential for data to be viewed by unauthorised individuals.

Follow up testing established that a risk assessment has since been undertaken, and the use of visitor logs is to be continued. A sample of logs obtained during testing established that this process is being carried out as stated. Furthermore, a visit to the office revealed that a privacy screen is now in place around the CCTV monitors, and the risk of unauthorised viewing has been reduced.

This exception has now been closed.

**Previous Reliability & Integrity of Data Assurance Level: Limited Assurance**

**Current Reliability & Integrity of Data Assurance Level: Limited Assurance**

Retrieval & Use of CCTV Data

A high-risk was raised in 2018/19, as it was not possible to establish a complete management trail in relation to requests for CCTV information received by the Port.

Follow-up testing revealed that a unique reference number is now used to trace all requests for data throughout the process; however, documentation was not complete in line with the CCTV policy. The Systems Manager advised that this was due to the responsible member of staff leaving their post at short notice, leaving clarification required as to the correct procedure. An update provided by the Systems/Standards Compliance Manager in March 2020 stated that the process has been revised, with all downloads now undertaken by the Systems Manager.

The exception remains open.

**Previous Completion of the audit Assurance Level: No Assurance**

**Current Completion of the audit Assurance Level: Limited Assurance**

Two high-risk exceptions remain open at the conclusion of follow-up testing. Although the report notes that progress has been made, with a clearly defined policy, management structure, staff training and CCTV data security, the most recent self-assessment against the Surveillance Camera Code of Practice highlights issues relating to the system's suitability. There is disagreement within the management group about the wording of the self-assessment;

however, plans with PCC Housing are in place that may mitigate the concerns highlighted in the assessment. Following a change in staff, issues were also noted with regard to the management trail for CCTV requests.

Until a replacement system which clearly meets the competency standards described within the Surveillance Camera Code of Practice is in place, Internal Audit can give limited assurance that CCTV operations at the Port are 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  |
|-----------------------------|---|
| <b>Assurance</b>            | <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>               |
| <b>Reasonable Assurance</b> | <i>Control weaknesses or risks were identified but overall the activities do not pose significant risks to the Authority</i>  |
| <b>Limited Assurance</b>    | <i>Control weaknesses or risks were identified which pose a more significant risk to the Authority</i>  |
| <b>No Assurance</b>         | <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> |
| <b>NAT</b>                  | <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  |
|-----------------------------------|--|
| <b>Low Risk<br/>(Improvement)</b> | <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>  |
| <b>Medium Risk</b>                | <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>  |
| <b>High Risk</b>                  | <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> |
| <b>Critical Risk</b>              | <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 (30<sup>th</sup> June 2020)

### Community & Hospital Based Assessments -Director of Adult Social Care

**Exceptions Raised**

| Critical | High | Medium | Low |
|----------|------|--------|-----|
| 0        | 0    | 1      | 0   |

**Overall Assurance Level**

Reasonable 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   | Assurance            |
| Reliability and Integrity of Data            | NAT                  |

One medium risk exception has been raised due to there being, no formal protocol in place between QA Hospital and PCC as required by the Care Act.

### Council Tax and NNDR - Director of Finance and Recourses

**Exceptions Raised**

| Critical | High | Medium | Low |
|----------|------|--------|-----|
| 0        | 0    | 1      | 0   |

**Overall Assurance Level**

Assurance

Agreed actions are ongoing

**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   | Reasonable Assurance |
| Reliability and Integrity of Data            | NAT                  |

One medium risk exception has been raised in relation to the completion of mandatory training.

**Accounts Receivable - Director of Finance and Recourses**
**Exceptions Raised**

| Critical | High | Medium | Low |
|----------|------|--------|-----|
| 0        | 0    | 1      | 0   |

**Overall Assurance Level**

|                  |
|------------------|
| <b>Assurance</b> |
|------------------|

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                       | Assurance            |
| Effectiveness and Efficiency of Operations   | Assurance            |
| Reliability and Integrity of Data            | Assurance            |

One medium risk exception has been raised due to 4/25 of invoices tested not being supported by reliable documentation.

**Accounts Payable - Director of Finance and Recourses**
**Exceptions Raised**

| Critical | High | Medium | Low |
|----------|------|--------|-----|
| 0        | 1    | 1      | 1   |

**Overall Assurance Level**

|                             |
|-----------------------------|
| <b>Reasonable Assurance</b> |
|-----------------------------|

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                       | NAT       |
| Effectiveness and Efficiency of Operations   | Assurance |
| Reliability and Integrity of Data            | NAT       |

One high risk exception was raised in relation to payments not being compliant with the prompt payment policy. The medium exception raised covers, a lack of purchase order submitted for 11% of those tested. One low risk exceptions were also raised as a result of this review.

**Payroll / Pension - Director of Finance and Recourses**
**Exceptions Raised**

| Critical | High | Medium | Low |
|----------|------|--------|-----|
| 0        | 0    | 3      | 0   |

**Overall Assurance Level**

Reasonable Assurance

Agreed actions are scheduled to be implemented depending on COVID-19 lockdown easement progresses.

**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   | NAT                  |
| Reliability and Integrity of Data            | NAT                  |

Three medium risk exceptions were raised in relation to the Additional and Exceptional Duty Policy being out of date, late notification (leavers/ contractual changes) resulting in overpayments (14/25 56%) at a value of £16,400 and employees being placed on the wrong National Insurance contribution codes.

**Emergency Procedure - Director of Housing, Neighbourhood and Building Services**
**Exceptions Raised**

| Critical | High | Medium | Low |
|----------|------|--------|-----|
| 0        | 3    | 0      | 0   |

**Overall Assurance Level**

Limited Assurance

Agreed actions are scheduled to be implemented by September 2020

**Assurance Level by Scope Area**

|  |                   |
|--|-------------------|
| Achievement of Strategic Objectives          | Assurance         |
| 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 result of this review. The high risks cover insufficient evidence to confirm that the expected checks have been carried out, failure to retain fire related documents (i.e. inspection, equipment checks, drills and incidents) and lastly failure to record fire related incidents for further analysis.

**Rents and Charges - Director of Housing, Neighbourhood and Building Services**
**Exceptions Raised**

| Critical | High | Medium | Low |
|----------|------|--------|-----|
| 0        | 0    | 3      | 0   |

**Overall Assurance Level**

Reasonable Assurance

Agreed actions are scheduled to be implemented by September 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   | Reasonable Assurance |
| Reliability and Integrity of Data            | Assurance            |

Three medium risk exceptions were raised in relation to source of approval for the pre-determined authorisation levels for credits, an outstanding former tenancy arrear that had not been chased since September 2018 and a rent account with a large credit balance since October 2019.

**Apprenticeship Levy - Director of Corporate Services**
**Exceptions Raised**

| Critical | High | Medium | Low |
|----------|------|--------|-----|
| 0        | 1    | 4      | 1   |

**Overall Assurance Level**

Reasonable 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 | 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 apprenticeship agreements not being signed. Four medium lack of risk exceptions were also raised covering; a lack of published workforce strategy, non-compliance with the PCC Procurement Rules, inefficient monitoring on payments from training providers and non-compliance with the 'Meeting the Public Sector Apprenticeship Target' statutory guidelines as no required figures in relation to the employment of apprentices are published.

**IT Procurement and Inventory - Director of Corporate Services**
**Exceptions Raised**

| Critical | High | Medium | Low |
|----------|------|--------|-----|
| 0        | 2    | 2      | 1   |

**Overall Assurance Level**
**Limited Assurance**

Agreed actions are scheduled to be implemented by September 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   | Assurance         |
| Reliability and Integrity of Data            | NAT               |

Two high risk exceptions were raised in relation to 1) missing IT stock (£7,131.20) 2) relates to inaccurate inventory records for IT equipment (4/10 items were not in the noted location). Two medium were also raised, one relating to accuracy and quality of data recorded and the second related to effective contract management and KPI evidencing. One low risk exception was also raised as part of this review.

**Modern Slavery - Executive**
**Exceptions Raised**

| Critical | High | Medium | Low |
|----------|------|--------|-----|
| 0        | 1    | 4      | 0   |

**Overall Assurance Level**
**Limited Assurance**

Agreed actions are scheduled to be implemented by June 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 exception has been raised as there is no evidence of Modern Slavery risks being considered across all directorates (excluding Adult Social Care) and suppliers. The four medium risk exceptions, cover, lack of policy documentation within one directorate, lack of appropriate training for key areas across the council, lack of KPI inclusion specific to modern slavery and finally, non-compliance with required Act statements.

**Incomes Due - Director Of Port**
**Exceptions Raised**

| Critical | High | Medium | Low |
|----------|------|--------|-----|
| 0        | 0    | 3      | 0   |

**Overall Assurance Level**

|                             |
|-----------------------------|
| <b>Reasonable Assurance</b> |
|-----------------------------|

Agreed actions are scheduled to be implemented pending on the recruitment of the Finance Director.

**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            | Reasonable Assurance |

Three medium risk exceptions have been raised as a result of the review. These cover, failure to ensure that the correct Pallet Equivalent Unit rate has been applied to all types of freight carried, failure to ensure that the system in place at Portico Shipping Ltd for accurately recording and accounting for the Pallet Equivalent Unit is efficient and effective and failure to ensure that the information provided to the Port matches the information in the shipping company financial systems.

**Accounts Payable - Portico**
**Exceptions Raised**

| Critical | High | Medium | Low |
|----------|------|--------|-----|
| 0        | 2    | 1      | 0   |

**Overall Assurance Level**

|                          |
|--------------------------|
| <b>Limited Assurance</b> |
|--------------------------|

Agreed actions are scheduled to be implemented by June 2020.

**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            | NAT               |

Two high risk exceptions were raised in relation to failure to process purchase orders within the agreed process and it was not possible to determine access levels to the main finance system. One medium risk exception was also raised as a result of this review, this is due to 10/15 invoices not having sufficient delivery notes.



**Disaster Recovery - Portico**
**Exceptions Raised**

| Critical | High | Medium | Low |
|----------|------|--------|-----|
| 0        | 0    | 3      | 1   |

**Overall Assurance Level**

|                      |
|----------------------|
| Reasonable Assurance |
|----------------------|

Agreed actions are scheduled to be implemented by December 2020

**Assurance Level by Scope Area**

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

Three medium risk exceptions have been raised as a result of the review. The risks cover the lack of a documented disaster recovery plan, no evidence of a testing schedule for all areas of disaster recovery and business continuity arrangements and a lack of staff training in the event of a disaster. One low risk exception was also raised as a result of this review.

**Schools (Fernhurst) - External**
**Exceptions Raised**

| Critical | High | Medium | Low |
|----------|------|--------|-----|
| 0        | 0    | 1      | 0   |

**Overall Assurance Level**

|           |
|-----------|
| Assurance |
|-----------|

Agreed actions are ongoing actions

**Assurance Level by Scope Area**

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

One medium risk exception was raised due to non-compliance with VAT regulations on Purchase Card transactions (1/25).

**Troubled Families Grant - Director of Children Social Care**

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.

**Direct Payment Case (Bespoke work item) - Director of Finance and Recourses**

A preliminary review was performed for a specific case, the results of which identify potential gaps in processes that require a full system review which has been included in the 2020/21 audit plan.

**CCTV - Portico**

The Surveillance Camera Code of Practice provides 12 guiding principles for organisations to work to in order to manage their CCTV processes. The guidance provides organisations with a check list of questions to align working practices when using CCTV. Review of these against the CCTV operations at Portico was completed to establish if working practices being undertaken are done so in accordance with these principles, or alternatively, in a way that meets the strict requirements of the Data Protection Act and General Data Protection Regulation. In conclusion, audit can give reasonable assurance that current practices and processes in place are mitigating the organisations risk exposure.

**Parking Permits (Bespoke work item) - Director of Regeneration**

Concerns were raised to Internal Audit about the use of counterfeit parking permits being used in two specific car parks. As a result of this Internal Audit undertook a number of surveys, reviewing the cars parked, inspecting the permits, noting down the registration numbers and comparing them to the list of permit holders. As a result virtual permits were to be introduced from April 2020 to allow for better enforcement and for the second car park enhanced arrangements are being considered in order that a contractor can effectively demonstrate appropriate usage.

**Strategic Project Management - Director of Regeneration**

Three medium risk exceptions have been raised as a result of audit testing. Testing was limited on the project management framework as the process is not yet complete and no project has proceeded beyond feasibility stage, under the new process. It is therefore difficult to give an overall assessment while parts of the process are not complete and delivery against this has not been achieved due to the timing of the review and the project statuses. Internal Audit planned to carry out a further review as part of the 2020/21 audit plan in order to give a final overall opinion on the effectiveness of the strategic project management framework, however this position has been impacted by COVID 19 and any further audit work will be suspended.

## 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: Verified                | <i>Agreed action implemented and risk mitigated, verified by follow up testing.</i>      |
| Closed: Not Verified            | <i>Client has stated action has been completed but unable to verify via testing.</i>     |
| Closed: Management Accepts Risk | <i>Management has accepted the risk highlighted from the exception.</i>                  |
| Closed: No Longer Applicable    | <i>Risk exposure no longer applicable.</i>   |

## 10. 2019/20 Follow-up Audits to date (30<sup>th</sup> June 2020)

### Fostering Services - Director of Children Social Care

#### Original Exceptions Raised

| Critical | High | Medium | Low |
|----------|------|--------|-----|
| 0        | 1    | 0      | 1   |

Latest implementation date scheduled during the original audit was in October 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 |
|----------|---------|-------------|-------------------------------|------------------|----------------------|----------------------------------|------------------------------|
| 1 (High) | 0       | 1 (Low)     | 0                             | 0                | 0                    | 0                                | 0                            |

Follow up testing confirmed that the low risk is in progress due to a change of implementation date for the new system. The high risk has not progressed and is open as at the time of testing. This exception relates to late completion of annual reviews, which has been impacted by an Ofsted inspection. The revised implementation date is March 2020.

### Youth Offending Team - Director of Children Social Care

#### Original Exceptions Raised

| Critical | High | Medium | Low |
|----------|------|--------|-----|
| 0        | 2    | 1      | 1   |

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

#### Original Assurance Level

Limited Assurance

#### Follow-up Assurance Level

Limited Assurance

#### Follow Up Action

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

Follow up testing confirmed the medium risk exception has been implemented; however not effective, new actions have now been agreed. The low risk exception has been closed and verified. Two high risk exceptions remain in progress and relate to the timescale for completing a risk assessment and the lack of evidence of warning letters being issued. The revised implementation date is April 2020.

**Freedom of Information - Director of Corporate Services**
**Original Exceptions Raised**

| Critical | High | Medium | Low |
|----------|------|--------|-----|
| 0        | 1    | 2      | 0   |

Latest implementation date scheduled during the original audit was in August 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 (Medium)  | 0                             | 1 (High)<br>1 (Medium) | 0                    | 0                                | 0                            |

Follow up testing has confirmed one high and one medium risk exception has now been closed and verified. One medium risk exception remains in progress, this relates to failure to respond to requests within the required timescale. The revised implementation date is June 2020.

**Budget Monitoring - Portico**
**Original Exceptions Raised**

| Critical | High | Medium | Low |
|----------|------|--------|-----|
| 0        | 2    | 1      | 1   |

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

**Original Assurance Level**

|                   |
|-------------------|
| Limited Assurance |
|-------------------|

**Follow-up Assurance Level**

|                   |
|-------------------|
| Limited Assurance |
|-------------------|

**Follow Up Action**

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

Follow up testing has confirmed that one medium risk has been closed and not verified. Two high and one low remain in progress, the high risks are in relation to inadequate monitoring and control arrangements in place and responsibilities not clearly defined. The revised implementation includes monthly reviews.

**GDPR - Portico**
**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**

|                      |
|----------------------|
| 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 (Medium)  | 0                             | 1 (High)         | 0                    | 0                                | 0                            |

Follow up testing has confirmed that one high risk exception has now been closed and verified. One medium risk exception remains in progress, this relates to the annual monitoring of compliance with GDPR. The revised implementation date is March 2020.

**Health and Safety - Portico**
**Original Exceptions Raised**

| Critical | High | Medium | Low |
|----------|------|--------|-----|
| 0        | 2    | 1      | 0   |

Latest implementation date scheduled during the original audit was in January 2020

**Original Assurance Level**

|                   |
|-------------------|
| Limited Assurance |
|-------------------|

**Follow-up Assurance Level**

|                      |
|----------------------|
| Reasonable Assurance |
|----------------------|

**Follow Up Action**

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

Follow up testing has confirmed one high and one medium risk exception has now been closed and verified. One high risk exception remains in progress, this relates to the completion of mandatory training. The revised implementation is an ongoing action.

**CCTV - Director of Port**
**Original Exceptions Raised**

| Critical | High | Medium | Low |
|----------|------|--------|-----|
| 0        | 4    | 0      | 0   |

Latest implementation date scheduled during the original audit was in October 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 |
|----------|---------|-------------|-------------------------------|------------------|----------------------|----------------------------------|------------------------------|
| 2 (High) | 0       | 0           | 0                             | 2 (High)         | 0                    | 0                                | 0                            |

Further details can be found within section 5 of this report.

**IT Security, Email, back-ups - Director of Port**
**Original Exceptions Raised**

| Critical | High | Medium | Low |
|----------|------|--------|-----|
| 0        | 3    | 0      | 0   |

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

**Original Assurance Level**

|                   |
|-------------------|
| Limited Assurance |
|-------------------|

**Follow-up Assurance Level**

|                   |
|-------------------|
| Limited Assurance |
|-------------------|

**Follow Up Action**

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

Follow up testing has confirmed that one high risk exceptions has now been closed and verified. Two high risk exceptions remain open, this relates to the completion of mandatory training and the updates of the Port's systems. The reviewed implementation date is July 2020.

**Maintenance - Director of Port**
**Original Exceptions Raised**

| Critical | High | Medium | Low |
|----------|------|--------|-----|
| 0        | 2    | 1      | 0   |

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

**Original Assurance Level**

|                   |
|-------------------|
| Limited Assurance |
|-------------------|

**Follow-up Assurance Level**

|           |
|-----------|
| Assurance |
|-----------|

**Follow Up Action**

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

Follow up testing has confirmed that one high and one medium risk exception has been closed. One high risk exception has been closed.

## 11. Audits in Draft to date (3<sup>rd</sup> July 2020)

| Audit | Directorate | Draft Since | Projected Issue Date | Revised | Comments |
|-------|-------------|-------------|----------------------|---------|----------|
| VESL  | Executive   | 25/03/2020  |                      |         |          |



## 12. Exceptions

Of the 2019/20 full audits completed, 139 exceptions have been raised.

| Risk                   | Total |
|------------------------|-------|
| Critical Risk          | 1     |
| High Risk              | 55    |
| Medium Risk            | 71    |
| Low Risk - Improvement | 12    |