



Portsmouth
CITY COUNCIL

Internal Audit Progress Report 20th July 2022

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 set out 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 2021/22 internal audit plan.

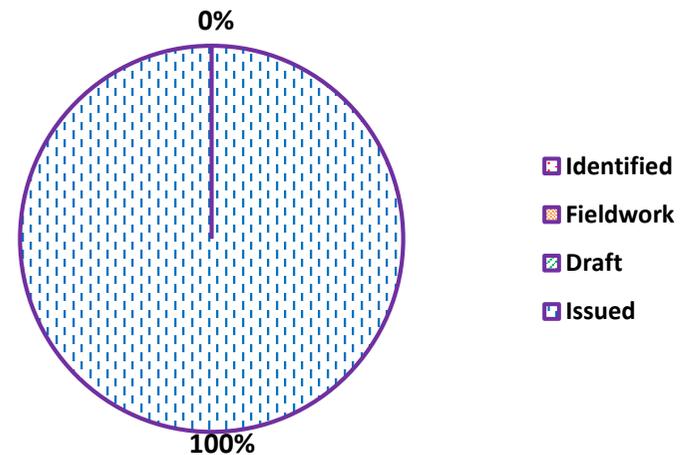
2. Audit Plan Progress as of 20th July 2022

There are 33 Full Audits, 7 Follow ups, 6 2nd follow up reviews and 25 grants, in the revised plan for 2021/22, totalling 71 reviews.*

To date, 71 (100%) have been completed or are in progress as of 20th July 2022. This represents 71 (100%) audits where the report has been finalised.

Status	Audits
Identified	0
Fieldwork	0
Draft Report	0
Final Report	71

Audit Plan Progress as of 20th July 2022



**Figures are only in relation to PCC audits and are excluding any SLEP or Portico reviews.*

3. Ongoing Internal Audit Involvement

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

- 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
- Governance & Audit & Standards Committee - reporting and attendance
- Audit Planning and Consultation
- Risk Management & Annual Governance Statement
- Performance Management
- 10 special investigations - (excludes Benefit and Council Tax Support cases)
- 24 items of advice, (where the advice exceeds an hour's work)

4. Covid-19 Assurance Reporting

Internal Audit & Counter Fraud have been performing a number of assurance work items in the 2021/22 municipal year in relation to COVID 19. A breakdown of activities performed in addition to bespoke COVID 19 audit testing contained in normal audits is detailed below and covers work completed since the last reporting period. Areas covered but excluding grants were as follows:

- Test and Trace £500 Support Payment - Reasonable Assurance
- Purchase Card's - Reasonable Assurance
- Income Compensation Claim - Assurance

5. Audit Plan Status/Changes.

The following changes have been made to the plan since the issue of the last progress report.

Audits removed from the Audit Plan:

- Direct Payments F/U - Deferred to the 2022/23 plan as implementation dates are during the 2022/23 year.
- Coffee Shops F/U - Removed as service has not operated for a significant period.

Audits added to the Audit Plan:

- Protect and Vaccinate 31/5912 - Grant added to the 2021/22 plan due to verification required from the Chief Internal Auditor.

6. Areas of Concern

One critical risk exception has been raised as part of the 2021/22 Accounts Payable Audit in relation to the lack of sufficient checks that could be evidenced on a suppliers record when a supplier's bank details are being changed. It should be noted that processes are in place (however testing has highlighted that these controls were not evidenced). There is a growing development in cyber-fraud which is a nation-wide issue. Figures from 'UK Finance' shows that fraudsters stole almost £93 million from UK firms in 2018 through invoice and mandate fraud. This authority itself experienced an attempt to defraud by means of changing supplier bank details, as have all neighbouring Unitary Authorities, not all of the funds were recovered. As such, it is heavily advised that additional checks beyond those normally deployed must now be conducted to ensure that bank details are accurate and due care is taken to prevent cases of invoice and mandate fraud.

Below is an extract of the critical risk exception from the Accounts Payable exceptions report.

PCC-2122-022-002

Supplier Bank Details

Critical

Safeguarding of Assets

Exception

A report of all supplier bank account changes was highlighted using the PCC Supplier Detail Report Outlet from Fusion. The report highlighted 779 changes between 01/04/2021 - 31/01/2022. A sample of 15 were selected and the attachments within the 'supplier module' in Fusion was reviewed to ensure that checks were conducted and no fraudulent changes had been requested. Testing confirmed for 4/15 no bank changes had occurred; however, the PCC Supplier Detail Report Outlet had indicated otherwise. An ongoing ticket (3991) has been raised with the Fusion Support Team to identify the rationale towards this.

1/15 - was due to a migration issue from EBS to Fusion

The remaining 10/15 did not have evidence of sufficient checks conducted prior to the bank details being changed. Below is the justification provided by the Accounts Payable Team Leader and the Business Support Manager:

- 4/10 had made changes due to a different bank details being provided on the invoice following the supplier providing goods/services.
- 5/10 had made the change as the request had come in on a company headed letter signed by the Director/ Group Financial Controller.
- 1/10 had made the change as the bank detail change request came in an email addressed from the contact on file for the supplier.

Risks and Consequences

Failure to use reliable data could lead to difficulties and inaccuracy for comparing and monitoring data for bank changes.

Failure to ensure appropriate checks are conducted when changing a suppliers bank detail can lead to invoices being paid to fraudulent parties therefore losing out on income that may not be recoverable and the relevant supplier losing out on income that is rightfully theirs.

Agreed Action

Person Responsible / Action by Date

To re-iterate the importance to capture all checks conducted when changing a supplier's bank detail.

Accounts Payable Team Leader / Already Implemented - Audit Verified

To explore the option to make checks as automated and advances as possible with software specifically for the use of verifying bank details.

Income and Payments Manager
31/05/2022

To review and amend the current bank changes process to include additional controls beyond those that have been established.

Income and Payments Manager / Already Implemented - Audit Verified

The Payments team will be attending a Barclays webinar regarding cyber security as some refresher training.

Income and Payments Manager
09/06/2022

7. Assurance Levels

Internal Audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework for 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.

8. 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

9. 2020/21 Audits completed to date (20th July 2022)

Domiciliary Care - 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 2022

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

One medium risk exception has been raised in relation to the lack of consistent labelling/ tagging and timely reviews for 3/20 assessment.

WhatsApp - Director of Children Services and Education

Exceptions Raised

Critical	High	Medium	Low
0	2	1	0

Overall Assurance Level

Limited Assurance

Agreed actions are scheduled to be implemented by September 2022

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	NAT
Reliability and Integrity of Data	NAT

Due to the pressures and restrictions from the COVID-19 pandemic the Council implemented the use of 'WhatsApp Messenger' - an internationally available American freeware, cross platform centralised instant messaging and voice-over-IP service. WhatsApp was used to support critical services where there were difficulties due to COVID-19 restrictions. Where an application has been approved for use by the Senior Information Risk Owner (SIRO), Data Protection Office (DPO) and Information Security Officer (ISO), the specifics of the use should only be within the boundaries of the Data Protection Impact Assessment (DPIA). The DPIA considers the benefits and potential privacy impacts the proposed use of WhatsApp may have on the individuals involved. Officers from the 'Through Care Team' were selected for a discussion to establish compliance with the DPIA requirements. Testing highlighted two high risks. The first high risk was in relation to a breach in terms of conditions, it was highlighted that young persons were providing identification documents

(such as passports ect.) to officers through the use of WhatsApp, and as agreed within the DPIA, officers were failing to ensure that a young person has signed a consent form acknowledging the risks of WhatsApp prior to its use. One medium risk exception was also raised.

Modern Slavery Supplier Audit - Director of Finance and Recourses
Exceptions Raised

Critical	High	Medium	Low
0	0	1	0

Overall Assurance Level
Reasonable Assurance

Agreed actions are scheduled to be implemented by December 2022

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	Reasonable Assurance
Reliability and Integrity of Data	NAT

As part of the Audit Plan for 2021-2022 a review was carried out on the processes and procedures in place to ensure PCC's suppliers are complying with the Modern-Day Slavery Act 2015 and that assurance can be given to the Transparency in the provision in preventing modern slavery from occurring in the supply chains. A PCC Supplier was selected and on-site visits were conducted to ensure compliance with the Modern Slavery Act 2015. One medium risk exception was raised as at the time of testing there were no performance indicators or monitoring conducted on the effectiveness of Modern Slavery controls.

Accounts Receivable - Director of Finance and Recourses
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	Assurance
Safeguarding of Assets	Assurance
Effectiveness and Efficiency of Operations	Assurance
Reliability and Integrity of Data	NAT

No exceptions were raised as a result of this review

Accounts Payable - Director of Finance and Recourses
Exceptions Raised

Critical	High	Medium	Low
1	1	1	0

Overall Assurance Level
Limited Assurance
Agreed actions are scheduled to be implemented by June 2022
Assurance Level by Scope Area

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

One critical risk exception has been raised as part of this review and has been detailed within section six of this report. The high-risk exception was raised as it was highlighted that if an invoice is within 10% of the original amount on the Purchase Order no further amendments or verification will be required onto the Purchase Order. Discussions with the Fusion Support Team and the Income and Payments Manager has confirmed that there is no such reports available to monitor the effectiveness and impact of the 10% tolerance level. A medium risk exception was also raised as part of this review.

Payroll - Director of Finance and Recourses
Exceptions Raised

Critical	High	Medium	Low
0	1	3	1

Overall Assurance Level
Reasonable Assurance
Agreed actions are scheduled to be implemented by July 2022
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	Reasonable Assurance
Reliability and Integrity of Data	NAT

One high risk exception was raised as it was highlighted from a list of 178 PCC Apprentices, 34 were on incorrect national insurance contribution code. It should be noted that this impacts only the employer and does not affect the amount payable for the employee. Three medium and one low risk exception was also raised as a result of this review.

Highway Permit Scheme - Director of Finance and Recourses
Exceptions Raised

Critical	High	Medium	Low
0	0	2	0

Overall Assurance Level
Reasonable Assurance
Agreed actions are scheduled to be implemented by April 2022
Assurance Level by Scope Area

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

Two medium risk exceptions were raised as part of this review. The first was in relation to the failure to allocate a current employee as the main contact for the contract on the Procurement system (Intend) and failure to record sample checks conducted. The second medium risk exception relates to the failure to complete an evaluation report within the statutory timescales. The evaluation report provides details on how the permit scheme remains cost neutral in compliance with the Statutory Guidance for Highways Authorities Permit Scheme.

Infection Control Process - Director of Finance and Recourses
Exceptions Raised

Critical	High	Medium	Low
0	0	0	0

Overall Assurance Level
Limited Assurance
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	NAT
Reliability and Integrity of Data	NAT

In 2020/21 the Authority was awarded £1,554,659.00 as part of the Adult Social Care Infection Control Fund (round 2) Ring-Fenced Grant 2020. The Awarded amount was paid in 2 tranches, October, and December 2020. A random sample of five service providers from tranche 1 testing were contacted to obtain copies of supporting documentation to evidence that expenditure is compliant with the conditions set out in the individual grant agreements. Testing during October 2020 established that 1/5 providers had not submitted their financial returns as agreed, and a Senior Accountant had begun the process of recovering the fund allocation. Further testing confirmed that the fund was reclaimed from this provider on 9th June 2021. For the remaining 4 providers, sufficient evidence was supplied for 3/4 providers, however 1/4 is yet to respond despite numerous requests. Details of this testing have been

shared with the Finance Manager to determine expenditure compliance for this provider. As a result of this review an opinion level of limited is attributed. This relates to whether providers are compliant with the grant conditions, not the administration framework applied.

Shared Services - Chief Executive
Exceptions Raised

Critical	High	Medium	Low
0	1	1	0

Overall Assurance Level
Reasonable Assurance

Agreed actions are scheduled to be implemented by April 2022

Assurance Level by Scope Area

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

After consultation with directors two shared services were selected for review, disabled facilities and planning performance arrangements (PPA). One high risk exception was raised as it was highlighted, for PPA's, that there is no prescribed method for calculating the cost based on the type of allocation or number of dwellings and officer's experience is used to calculate expected costs, in addition testing confirmed that the authority does not actively track officer time and the costs during the PPA process. One medium risk exception was also raised.

Water Safety - Director of Culture, Leisure and Regulatory Services
Exceptions Raised

Critical	High	Medium	Low
0	1	0	1

Overall Assurance Level
Reasonable Assurance

Agreed actions are scheduled to be implemented by December 2022

Assurance Level by Scope Area

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

One high risk exception was raised as it was highlighted that there is currently no formal policy or strategy covering water safety within the city. One low risk exception was also raised.

Air Quality Process Review - Director of Regeneration
Exceptions Raised

Critical	High	Medium	Low
0	0	1	0

Overall Assurance Level
Reasonable Assurance
Agreed actions are scheduled to be implemented by March 2022
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

Internal Audit have reviewed five grant processes, totalling £6,740,295. The grants were received by PCC for the purposes of improving air quality in the city, including the implementation of the clean air zone. One medium risk exception was raised in relation to the organisation of cost centres, and to the evidence gathering in compliance with the individual beneficiary contracts. For the actual grants sufficient testing was able to evidence that the terms and conditions had been met which allowed the Chief Internal Auditor to sign the declaration confirming compliance.

Covid Response Process - Executive
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

As part of the Audit Plan for 2021-2022 a review was carried out on the processes and procedures in place to ensure PCC's response to the Covid -19 Pandemic was aligned to our decision-making framework or was in accordance with Central Government instruction and that governance arrangements were sound. No issues were highlighted as a result of this review.

Customs Agency - PORTICO
Exceptions Raised

Critical	High	Medium	Low
0	0	1	0

Overall Assurance Level
Reasonable Assurance
Agreed actions are scheduled to be implemented by March 2022
Assurance Level by Scope Area

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

One medium risk exception was raised as it was highlighted from the sample of ten jobs (raised by the victory team and compared by audit to the information on the custom declaration sent to the HMRC) selected, that three had inaccurate readings. Due to the errors not having monetary impact the exception was rated as medium.

Petty Cash - PORTICO
Exceptions Raised

Critical	High	Medium	Low
0	1	2	0

Overall Assurance Level
Reasonable Assurance
Agreed actions are scheduled to be implemented by June 2022
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	NAT
Reliability and Integrity of Data	NAT

One high risk exception was raised in relation to the failure to comply with the safe limit set by the insurers. Testing highlighted that the safe limit during the commencement of the audit for cash held on the premises during business hours was £500 and a count of the safe confirmed £6,173.82 was being held on the premises. In addition, two medium risk exceptions were also raised as a result of this review.

Fixed Assets - PORTICO
Exceptions Raised

Critical	High	Medium	Low
0	2	1	0

Overall Assurance Level

Limited Assurance

Agreed actions are scheduled to be implemented by December 2022

Assurance Level by Scope Area

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

Two high risk exceptions were raised as a result of this review. The first was in relation to an inaccurate and incomplete fixed asset register, the second high risk exception highlighted that the fixed asset register was not showing the current position of assets and recorded inaccurate depreciation. One medium risk exception was also raised.

Payroll - PORTICO
Exceptions Raised

Critical	High	Medium	Low
0	0	1	1

Overall Assurance Level

Reasonable Assurance

Agreed actions have been implemented

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	Assurance

One medium risk exception was raised as it was highlighted that there were thirteen instances where overtime claim forms had not been evidenced as authorised. One low risk exceptions was also raised as a result of this review.

Commercial Enquiries - PORTICO
Exceptions Raised

Critical	High	Medium	Low
0	0	3	1

Overall Assurance Level
Reasonable Assurance
Agreed actions are scheduled to be implemented by April 2022
Assurance Level by Scope Area

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

Three medium risk exceptions were raised as a result of this review. The first medium risk exception was highlighted as testing could not identify if targets have not been met or exceeded in relation to the number of enquiries received. The second medium risk exception was highlighted as for a sample of five enquiries, all five did not have evidence of client feedback following the completion of the operation and for two of the sample there was no evidence that the quote provided was accepted by the client. In addition, testing noted that all documentation relating to the enquiries is held within a shared outlook email box. The third medium risk exception was raised as it was highlighted no data is compiled from recent campaigns and therefore could not be compiled into meaningful statistics. One low risk exception was also raised as a result of this review.

Homelessness Prevention Grant - Director of Housing, Neighbourhood and Building Services

Grant Verification - Sample testing was able to evidence that the terms and conditions had been met which allowed the Chief Executive and Chief Internal Auditor to sign the declaration confirming compliance.

Troubled Families Grant - Director of Children's Services and Education

Grant Verification - Sample testing was able to evidence that the terms and conditions had been met which allowed the Chief Executive and Chief Internal Auditor to sign the declaration confirming compliance.

Protect and Vaccinate 31/5913 - Director of Housing, Neighbourhood and Building Services

Grant Verification - Sample testing was able to evidence that the terms and conditions had been met which allowed the Chief Executive and Chief Internal Auditor to sign the declaration confirming compliance.

Bus Service Support Grant, Restart - Director of Regeneration

Grant Verification - Sample testing was able to evidence that the terms and conditions had been met which allowed the Chief Executive and Chief Internal Auditor to sign the declaration confirming compliance.

10. 2021/22 Follow-up Audits to date (20th July 2022)

Information Governance - Director of Corporate Services

Original Exceptions Raised

Critical	High	Medium	Low
0	3	0	0

Follow Up Exception Position

Critical	High	Medium	Low
0	3	0	0

Original Assurance Level

Limited Assurance

Follow Up Assurance Level

Limited Assurance

Agreed actions are scheduled to be implemented by December 2022

Follow Up 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	Limited Assurance
Reliability and Integrity of Data	NAT

The original audit highlighted three high risk exceptions. Follow-up testing has confirmed that all exceptions are in progress. The first high risk exception was in relation to the deletion of W:Drive storage, discussions held with relevant officers confirmed that there is currently a project 'SharePoint online' being implemented and this is Phase 2 of the Office 365 project. The SharePoint online project is the migration of the W:Drive to SharePoint. Currently phase 2 is in its early stages and is due to be completed and rolled out across the authority by December 2022. The second high risk exception was in relation to an inaccurate and out-of-date Information Asset Register, the agreed action was for 'GDPR Health Check's' to be implemented, the Health Check comprises of 10 components and timescales have been set for 2021/22 with priorities such as the completion of the mandatory cyber security awareness training and w:drive clear done.

The Information Asset Register is due to be reviewed as part of the Health Check. Due to a lack of resources within the corporate IG team and other priorities this is yet to be conducted; however, the Information Asset Register for the Adult Social Care and Public Health directorates have been completed as part of the NHS Data Security and Protection Toolkit Submission. The third high risk exception is in relation to the management and deletion of data, this highlighted multiple issues which services rely on to be compliant with GDPR such as a lack of mandatory training completed, policies out of date and an out-of-date Information Asset Register as above. Follow up testing has confirmed that the action agreed was for mandatory training results to be circulated to directorates on a monthly basis. The officer explained that due to pressures and a lack of resources in the corporate IG team this has yet to commence, moving forward figures of mandatory training will be shared with the IG panel and results will be sent to directorates. All policies in relation to data protection remain expired; however, follow-up testing has sighted evidence of draft policies which are due to be issued onto Policyhub.

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

Critical	High	Medium	Low
0	1	0	0

Follow Up Exception Position

Critical	High	Medium	Low
0	1	0	0

Original Assurance Level

Reasonable Assurance

Follow Up Assurance Level

Reasonable Assurance

Agreed actions are ongoing

Follow Up Assurance Level by Scope Area

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

Original audit testing highlighted one high risk exception in relation to the effective tracking of expenditure made for accommodation used to the actual goods/services received. Follow up testing found that this exception is in progress as spot checks of accommodation payments had been carried out for the period May/June/July 2021 but a further sample check for the period September/October/November (Q3) 2021 had not taken place. Following discussions with the relevant officer the sample check was subsequently carried out in February 2022. Follow-up testing also found that because of the ongoing COVID-19 pandemic and insufficient available resources, the planned intervention had not taken place.

Emergency Procedures - Director of Housing, Neighbourhood and Building Services
Original Exceptions Raised

Critical	High	Medium	Low
0	3	0	0

Follow Up Exception Position

Critical	High	Medium	Low
0	2	0	0

Original Assurance Level

Limited Assurance

Follow Up Assurance Level

Reasonable Assurance

Agreed actions are scheduled to be implemented by January 2022

Follow Up Assurance Level by Scope Area

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

Original audit testing highlighted three high risk exceptions. One has had actions implemented but not effective, one closed not verified and the remaining risk is in progress. The first high risk where actions were implemented but not effective was in relation to three areas of weakness relating to fire drills, stay put policy and checks on fire extinguishers, follow-up testing found that the auditor was advised that reminders had been issued to cover all the risks raised.

However, audit testing found that there were still gaps in carrying out monthly fire extinguisher checks and annual fire drills for one site. The high risk in progress is in relation to the lack of recording incidents in the Fire Safety Log. Follow-up testing found that fire incident logs are still not filed centrally in line with the originally agreed action.

Accounts Receivable - PORTICO
Original Exceptions Raised

Critical	High	Medium	Low
0	2	3	0

Follow Up Exception Position

Critical	High	Medium	Low
0	1	1	0

Original Assurance Level

Limited Assurance

Follow Up Assurance Level

Reasonable Assurance

Agreed actions are scheduled to be implemented by

Follow Up Assurance Level by Scope Area

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

One high and two medium risk exceptions have been closed and verified. The remaining high risk is in progress and this in relation to the authorisation of write offs and credits and the medium risk was in relation to the lack of an overarching financial policy, the introduction of Business Central impacted resource within the Finance Team, and the completion of all agreed actions has been delayed.

11. 2021/22 2nd Follow-up Audits to date (20th July 2022)

As raised during the July 2020 Governance & Audits & Standards meeting. Internal Audit has scheduled in 2nd follow-up reviews for all areas where a 1st review highlighted risk exposure/s still unmitigated. The audits below detail the position as at a 2nd review.

Edge of Care - Director of Children's Families and Education

1st Follow-Up Exceptions Raised

Critical	High	Medium	Low
0	0	0	0

2nd Follow Up Exception Position

Critical	High	Medium	Low
0	0	1	0

1st Follow-Up Assurance Level

Reasonable Assurance

2nd Follow Up Assurance Level

Assurance

2nd Follow Up 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	NAT
Reliability and Integrity of Data	NAT

Follow-up testing has confirmed that the risk has been mitigated and therefore assurance has been provided over this area.

Guildhall - Director of Culture, Leisure and Regulatory Services

1st Follow-Up Exceptions Raised

Critical	High	Medium	Low
0	0	0	0

2nd Follow Up Exception Position

Critical	High	Medium	Low
0	1	2	0

1st Follow-Up Assurance Level

Limited Assurance

2nd Follow Up Assurance Level

Assurance

2nd Follow Up Assurance Level by Scope Area

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

Follow-up testing has confirmed that the high and two medium risk exceptions have now been closed and verified and therefore assurance has been provided over this area.

12. Exceptions

Of the 2021/22 full audits completed, 88 exceptions have been raised.*

Risk	Total
Critical Risk	1
High Risk	33
Medium Risk	45
Low Risk - Improvement	9

**These figures are excluding Portico*