



Portsmouth
CITY COUNCIL

Internal Audit Progress Report 14th September 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 2022/23 internal audit plan.

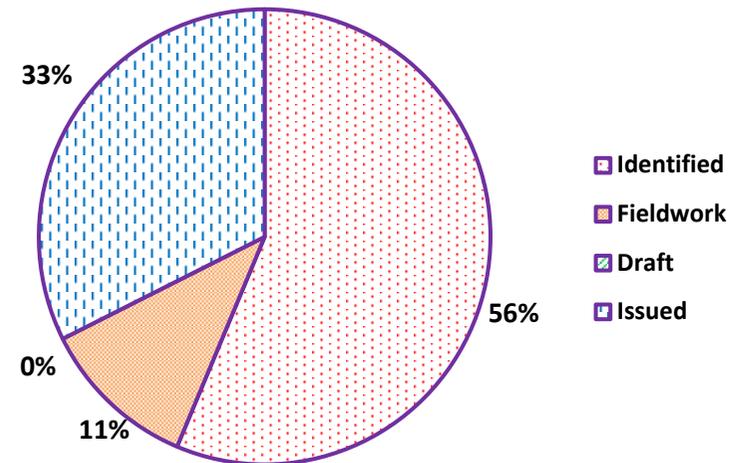
2. Audit Plan Progress as of 31st August 2022

There are 38 Full Audits, 12 Follow ups, 6 2nd follow up reviews and 25 grants, in the revised plan for 2022/23, totalling 72 reviews.*

To date, 32 (44%) have been completed or are in progress as of 31st August 2022. This represents 24 (33%) audits where the report has been finalised.

Status	Audits
Identified	40
Fieldwork	8
Draft Report	0
Final Report	24

Audit Plan Progress as of 31st August 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):

- 2 Regulation of Investigatory Powers Act (RIPA) - authorisations (reported annually) 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
- 72 open investigation cases - (includes, corporate, benefit and council tax support cases)
- 8 items of advice

4. Audit Plan Status/Changes.

The original audit plan agreed on the 4th March 2022 had a total of 67 reviews. 11 reviews have been removed from the original audit plan, 2 have been amended and 16 have been added to the 2022/23 plan totalling 72 reviews. Details are as followed:

Audits removed from the Audit Plan:

- Domiciliary Care F/U - No high risks were raised during the original review therefore no follow-up required.
- Libraries - Removed to accommodate additional grants and audit work.
- Council Tax and NNDR - Area is regularly audited, removed to accommodate additional grants and audit work.
- System One - Removed to accommodate additional grants and audit work.
- Bring Your Own Device (BOYD) - Removed to accommodate additional grants and audit work.
- Expenses (Fusion) - Removed to accommodate additional grants and audit work.
- Voids - Removed to accommodate additional grants and audit work.
- Parking Zones & Digital Permits - Removed to accommodate additional grants and audit work.
- Website & App Accessibility Compliance F/U - Removed due to lack of resources from client.
- Accounts Receivable - Area is regularly audited and assurance was provided in the 2021/22 year. Removed to accommodate additional grants and audit work.
- Deprivation of Liberty - Removed to accommodate additional grants and audit work.

Amendments made to the Audit Plan:

- Payroll - Full audit amended to a follow-up on high-risk exceptions raised during the 2021/22 audit.
- School 1 - Determined as Medina Primary School

Audits added to the Audit Plan:

- Modern Slavery - Following up on high-risk exceptions that remain open during the original follow-up.
- Wimbourne Primary School - School 2 determined and added to the audit plan.
- Universal Drug Treatment - Grant verification required from Chief Executive and Chief Internal Auditor.

- School Conditional Funding - Grant verification required from Chief Executive and Chief Internal Auditor.
- ABP Contract - Following up on high-risk exceptions that remain open during the original follow-up.
- Emergency Procedures - Following up on high-risk exceptions that remain open during the original follow-up.
- Estate Services - Following up on high-risk exceptions that remain open during the original follow-up.
- Omicron Business Grants - Grant verification required from Chief Executive and Chief Internal Auditor.
- Test & Trace £500 - Grant verification required from Chief Executive and Chief Internal Auditor.
- Orpheus Grant (on the spot claim required as part of overall grant, unknown at the time of the audit plan submission)
- Educational Health Care Plans for up to 25 years old - Following up on high-risk exceptions raised during the original audit review
- St Pauls Catholic Primary Nursery School - Following up on high-risk exceptions raised during the original audit review
- Southsea Infant School - Following up on high-risk exceptions raised during the original audit review
- Information Governance - Following up on high-risk exceptions that remain open during the original follow-up.
- Right to Buy - Following up on high-risk exceptions that remain open during the original follow-up.
- Coffee Shops - Following up on high-risk exceptions raised during the original audit review

5. 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. This exception has been followed up on as part of the 2022/23 Accounts Payable Follow-up. The exception is currently in progress.

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

PCC-2223-019-002	Supplier Bank Details	Follow-up	In Progress
Safeguarding of Assets			
Initial Exception		Initial Risk	Critical

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 indicate the rationale towards this.

1/15 - During the migration of supplier details the bank details did not transfer as the supplier was a non-CIS site which was outside the parameters during supplier migration and therefore needed to be added for payment to be made. Historic records from when the supplier was set up in 2008 was reviewed and testing confirmed that the bank details have not changed but manually migrated.

The remaining 10 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.

It should be noted that processes were in place which are followed (however testing has highlighted that these processes were not evidenced). There is a growing development in cyber-fraud which has been 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. The attempts to defraud are becoming more and more sophisticated with criminal gangs operating at a global level. 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.

Initial 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.

Initial Agreed Action

Initial Person Responsible / Action Date

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

Sharon Denham (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.

Lynn Randall (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.

Lynn Randall (Income and Payments Manager) / Already Implemented - Audit Verified

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

Lynn Randall (Income and Payments Manager) / 09/06/2022

Follow Up Results

Follow Up Action Required

Follow-up testing evidenced a screenshot to the payments 'teams' group chat re-iterating the importance on capturing all checks conducted when changing a supplier's bank detail.

A Payments Officer post has been created to assist the team with the increase in work bought about by the additional bank checks, The first task for the new team member will be to review all bank changes made from end of May when the new process commenced. Feedback from this task will be used as training for the team. / **Income and Payments Manager / 31/08/2022**

In addition, Experian Bank Wizard has been procured to conduct checks on bank account details against company names and company addresses. The checks provide a risk rating on the supplier. Log ins were provided on the 25/08/2022 and use of the system is imminent.

Testing sighted the bank changes process which has now been amended to ensure that additional checks such as security verification is included.

The Income & Payments Manager has also stated that all members of the team have attended the Barclays webinar for cyber security.

Follow-up testing reviewed a sample of 10/61 bank changes (between the period 01/07/2022 - 24/08/2022).

Testing confirmed:

- 1/10 - Was not a change of bank detail but an additional site being added onto the record

The test sample was therefore reduced to 9.

- 4/9 - An email was sent to the contact on the supplier/remittance/purchasing file, 2 security questions were asked, and responses were given for both questions. Bank details were changed, and acknowledgement was given to the supplier of the change.
- 3/9 - An email was sent to the contact on the supplier/remittance/purchasing file, 2 security questions were asked, and responses were given for one question. Bank details were changed, and acknowledgement was given to the supplier of the change.
- 2/9 - An email was sent to the contact on the supplier/remittance/purchasing file, 2 security questions were asked; however, the questions were not answered by the supplier. Bank details were changed, and acknowledgement was given to the supplier of the change.

Overall, 44% of the sample followed the correct process, an improvement since the original audit where only 10% had followed the original process. Testing sighted verification questions being asked off from the suppliers; however, as detailed above there are instances where a full response (33%) or no response (22%) has been provided and the bank details have been changed. The Income and Payments Manager has informed Internal Audit that the process will be amended to only ask one security question rather than two as a response from the supplier to the email sent out is a check itself.

Although the exception is yet to be fully mitigated Internal Audit has evidenced progress towards the actions and in testing.

6. 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.

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. 2020/21 Audits completed to date (31st August 2022)

Childcare Development and Early Years Education - Director of Children's, Families and Education

Exceptions Raised

Critical	High	Medium	Low
0	0	1	1

Overall Assurance Level
Reasonable Assurance

Agreed actions are scheduled to be implemented by August 2023

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 was raised during this review. The Early Years Pupil Premium (EYPP) gives providers additional funding to support disadvantaged pupils. The Eligibility Checking Service is overseen by the Department for Work and Pensions (DWP) and require data to be inputted into the Capita system. Up to 1000 records are required to be inputted and it was highlighted that this can only be done manually which could result in inaccurate entries. One low risk exception was also raised as a result of this review.

NHS Data Security & Protection Tool Kit - Director of Corporate Services

Exceptions Raised

Critical	High	Medium	Low
0	0	0	1

Overall Assurance Level
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	Assurance
Safeguarding of Assets	NAT
Effectiveness and Efficiency of Operations	NAT
Reliability and Integrity of Data	NAT

One low risk exception was raised as it was highlighted that 2 of the 42 elements checked were in need of more evidence to satisfy the NHS Digital mandatory requirements. In addition, 13 of the 40 requirements marked as compliant were in relation to policies that the Authority must have in place regarding data security, sharing of data etc.

Health and Safety - Director of Corporate Services
Exceptions Raised

Critical	High	Medium	Low
0	5	3	0

Overall Assurance Level

Limited Assurance

Agreed actions are scheduled to be implemented by April 2023

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

Five high risk exceptions were raised in relation to; lack of completion for health and safety mandatory training (only 36% have completed within the required timescale), failure to sight a copy of a 'Reporting of Injuries, Diseases, and Dangerous Occurrences Regulations' RIDDOR report therefore testing was unable to verify if the required 15 days timescale has been met and, in another instance, testing confirmed that the RIDDOR report was eight weeks after the 15 days timescale. Staff failure to complete the PCC Mandatory Fire Training (only 4/20 within the sample testing had completed within the required timescale). Failure to complete the First aid Work course for 3/10 officers within the sample tested. Failure of completing, evidencing, and monitoring Display Screen Equipment (DSE) assessments. Lastly a high-risk exception was raised as overall, testing highlighted significant gaps in compliance with PCC's Health and Safety Policies. Three medium risk exceptions were also raised as a result of this review.

Pyramids - Director of Culture, Leisure and Regulatory 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 2022

Assurance Level by Scope Area

Achievement of Strategic Objectives	Assurance
Compliance with Policies, Laws & Regulations	NAT
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 a lack of a comprehensive list in place of PCC owned plant and equipment at the Pyramids Centre which would be used to inform regular maintenance / servicing, a lack of inventory of PCC owned equipment and inconsistency in monthly performance reporting.

Community Funerals - Director of Culture, Leisure and Regulatory Services
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.

Purchase Cards - Director of Finance and Recourses
Exceptions Raised

Critical	High	Medium	Low
0	4	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	Reasonable Assurance
Effectiveness and Efficiency of Operations	Limited Assurance
Reliability and Integrity of Data	NAT

Four high risk exceptions were raised as it was highlighted that the purchasing cards have been utilised for transactions such as parking fines and IT equipment both deemed as forbidden expenditure. It was also highlighted for 16/114 transactions sufficient evidence of VAT has not been uploaded into Barclaycard Spend Management. Lastly it was highlighted 16/17 officers that are on Long Term Absence or Maternity Leave have not had their cards temporarily suspended. One medium risk exception was also raised as a result of this review.

Asset Management - 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 January 2023
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

Two medium risk exceptions were raised as testing found that there was insufficient evidence held by PCC / The Port to verify that 3 assets were actually protected by valid insurance. In addition, testing highlighted that 3 assets were overdue for rent review or renewal by between 4 months and over 1 year.

Public Health Intelligence - 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 August 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	Assurance
Reliability and Integrity of Data	Assurance

One medium risk exception was raised in relation to seven documents containing data from the data sharing agreement that preceded 2012 (10-year period) and was in need of destruction.

Craneswater School - Schools
Exceptions Raised

Critical	High	Medium	Low
0	2	3	1

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

Two high risk exceptions were raised in relation to payments that were not processed in line with PCC's Contract Procedure Rules. In addition, testing highlighted 1/5 personnel file where a DBS certificate was being held. Three medium and one low risk exceptions was also raised as a result of this review.

Medina Primary School - Schools
Exceptions Raised

Critical	High	Medium	Low
0	2	2	0

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

Two high risk exceptions were raised as it was highlighted 2/3 invoices were dated prior to the purchase order. In addition, testing highlighted a lack of a master copy of the register and spot checks of the register have not been conducted nor scheduled. An annual check of all items on the inventory should be conducted in order to verify location, review condition and to take appropriate action in relation to any surpluses or deficiencies, annotating the inventory accordingly. Two medium risk exceptions were also raised as a result of this review.

Wimborne Primary - Schools
Exceptions Raised

Critical	High	Medium	Low
0	1	3	2

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

One high risk exception was raised as a result of this review in relation to 1/5 personnel file where a DBS certificate was being held. Three medium and two low risk exceptions was also raised as a result of this review.

Omicron Business Grant - Director of Finance and Resources
Exceptions Raised

Critical	High	Medium	Low
0	0	0	0

Overall Assurance Level
Reasonable Assurance
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

Testing was performed as part of the conditions of the grant to assess the effectiveness of fraud prevention arrangements. No significant issues were noted; however, overall testing highlighted six grants that had been paid incorrectly, five were due to fraud (£14,668) and one due to error (£1333). This represents a failure rate of 0.96%.

Orpheus Grant - Director of Children, Families 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.

Test & Trace £500 - Director of Finance and Resources

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.

Contain Outbreak Management Fund (COMF) - Director of Public Health

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.

Universal Drug Treatment - Director of Public Health

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.

Local Transport Capital - 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.

9.2022/23 Follow-up Audits to date (31st August 2022)

Accounts Payable - Director of Finance and Recourses

Original Exceptions Raised

Critical	High	Medium	Low
1	1	1	0

Follow Up Exception Position

Critical	High	Medium	Low
0	1	1	0

Original Assurance Level

Limited Assurance

Follow Up Assurance Level

Limited Assurance

Agreed actions are scheduled to be implemented by August 2022

Follow Up Assurance Level by Scope Area

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

The original audit highlighted one critical, one high and one medium risk exception. The high risk is closed but not verified, the medium risk is closed and verified while the critical risk is in progress. Further details can be found on section 5 of this report.

Shared Services - Executive

Original Exceptions Raised

Critical	High	Medium	Low
0	1	1	0

Follow Up Exception Position

Critical	High	Medium	Low
0	1	1	0

Original Assurance Level

Reasonable Assurance

Follow Up Assurance Level

Reasonable Assurance

Agreed actions are scheduled to be implemented by October 2022

Follow Up Assurance Level by Scope Area

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

The original audit highlighted one high and one medium risk exception. Both exception remain open. This is due to the New Neighbourhood Team Leader covering the role of interim Head of Development Management and therefore due to resources and other priorities the actions have not been completed.

HIVE - Director of Culture, Leisure and Regulatory Services
Original Exceptions Raised

Critical	High	Medium	Low
0	2	1	0

Follow Up Exception Position

Critical	High	Medium	Low
0	2	0	0

Original Assurance Level
Limited Assurance
Follow Up Assurance Level
Limited Assurance
Agreed actions are scheduled to be implemented by October 2022
Follow Up Assurance Level by Scope Area

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

The original audit highlighted two high and one medium risk exception, follow up testing confirmed that the medium risk exception has been closed and verified and the two high risk exception are in progress. The first high risk is in relation to the Memorandum of Understanding / KPIs, follow up testing confirmed that the MoU is in draft due to changes made to portfolio holder for the Cabinet for Communities and Central Services and the Chief Executive for HIVE. The draft MoU is due to be presented at the next full cabinet meeting for approval. The second high risk is in relation to the Partnership Consultancy Group - where minutes of meetings were not being recorded. The partnership is currently in review and once meetings have re-commenced records of minutes will be conducted and stored.

Depot Services - Director of Housing, Neighbourhoods and Building Services
Original Exceptions Raised

Critical	High	Medium	Low
0	1	3	1

Follow Up Exception Position

Critical	High	Medium	Low
0	0	2	0

Original Assurance Level
Reasonable Assurance
Follow Up Assurance Level
Reasonable Assurance
Agreed actions are scheduled to be implemented by July 2022
Follow Up 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

Original audit testing highlighted one high, three medium and one low risk exceptions. The follow up results show that one high and one medium risk exception have now been closed and verified. The low-risk exception has been closed and not verified while two medium risk exceptions remain open. The open exceptions relate to vehicle checks not being documented and the failure to allocate tasks within a suitable timeframe.

10. 2022/23 2nd Follow-up Audits to date (31st August 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.

Estate Services - Director of Housing, Neighbourhoods and Building Services

1st Follow-Up Exceptions Raised

Critical	High	Medium	Low
0	3	2	0

2nd Follow Up Exception Position

Critical	High	Medium	Low
0	0	1	0

1st Follow-Up Assurance Level

Limited Assurance

2nd Follow Up Assurance Level

Reasonable Assurance

Agreed actions are scheduled to be implemented by September 2022

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	Reasonable Assurance
Reliability and Integrity of Data	NAT

The first follow up testing confirmed that two high risk exception were in progress, and one remained open in addition to two medium risk exceptions that were in progress. The second follow up results show that the two high risk exceptions have been closed and verified while one medium risk exception is closed as it is no longer applicable, and the remaining medium risk is open. The open risk exception related to the lack of evidence of acknowledgement of the current lone working risk assessment for 16 (61%) officers.

Emergency Procedures - Director of Housing Neighbourhoods and Building Services

1st Follow-Up Exceptions Raised

Critical	High	Medium	Low
0	2	0	0

2nd Follow Up Exception Position

Critical	High	Medium	Low
0	0	0	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	Reasonable Assurance
Reliability and Integrity of Data	NAT

The first follow up confirmed that two high risk exceptions had actions that were in progress. The second follow up has confirmed that both these exceptions have been closed and verified.

ABP Contract - Director of Port
1st Follow-Up Exceptions Raised

Critical	High	Medium	Low
0	1	0	1

2nd Follow Up Exception Position

Critical	High	Medium	Low
0	1	0	0

1st Follow-Up Assurance Level
Reasonable Assurance
2nd Follow Up Assurance Level
Reasonable Assurance
2nd Follow Up Assurance Level by Scope Area

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

The first follow up confirmed that one high and one low risk exceptions remained open, Testing undertaken during this audit has determined that the low-risk exception be recorded as "Closed: Management Accepts Risk" with a provision that this is dealt with in the next contract. The high-risk exception remains outstanding pending communication between PCC Legal Team and ABP. This is in relation to the signing of the contract between Associated British Ports (ABP) and the Portsmouth International Port, the main cause for the delay is noted as ABP.

11. Exceptions

Of the 2022/23 full audits completed, 38 exceptions have been raised.*

Risk	Total
Critical Risk	0
High Risk	14
Medium Risk	19
Low Risk - Improvement	5

**These figures are excluding Portico and SLEP*