

28 NOVEMBER 2022

INTERNAL AUDIT – AUDIT UPDATE

SUMMARY:

This report describes:

- The work completed by Internal Audit since the last report;
- A progress update on the 2022/23 Audit Plan; and
- An update on outstanding audit issues.

RECOMMENDATION:

Members are requested to:

- i. Note the audit work completed since the last update.
- ii. Note the update to the expected deliverables for Quarters 3.
- iii. Note the outstanding audit issues.

1 Introduction

1.1 This report is to provide Members with:

- An overview of the work completed since the update provided to the Committee in September;
- A progress update on the 2022/23 Audit Plan;
- A schedule of work expected to be delivered in Q3; and
- An update on the outstanding audit issues, highlighting any significant risk exposures or control issues.

2 Audit Work Completed

2.1 The table below provides an overview of the assurance opinion, given to the completed audit since the last update:

Audit Title	Assurance Opinion	Recommendations by Priority		
		High	Medium	Low
2022/23 Internal Audit Plan				
Covid-19 Business Grants	Substantial	0	0	0

2.2 Below is a summary of the key findings from the audit.

Covid-19 Business Grants

From March 2020, the Revenues team were under pressure to manage the various schemes as they were introduced by Central Government, interpret the guidance, issue local guidance, support and communicate with the local businesses, manage their questions and demands for payment, assess every claim for validity and ensure that payments were made in a timely manner.

The outcome of this audit has identified that the Revenues team succeeded in this notable challenge.

For each Grant scheme, the Department for Business, Energy and Industrial Strategy (BEIS), required Local Authorities to submit weekly submissions on values and number of payments. Post-completion of every scheme, BEIS then selected a small random sample of payments (c.5) and the supporting documentation had to be provided. For RBC's payments, these were all accepted as satisfactory by BEIS.

3 Progress towards the 2022/23 Audit Plan

3.1 Since the last update to the Committee, there has been one change to the audits set out within the 2022/23 Audit Plan. One audit is being carried out in the next financial year due to pressures within the service. This will not impact on the overall number of assurance audits carried out within the financial year as an additional unplanned investigation was carried out earlier in the year. More importantly there remains a sufficient spread of planned assurance across the organisation to enable the Audit Manager to provide the audit opinion at year end.

3.2 The table below provides a summary of progress to date (18/11/22):

Audit/ Audit follow up status	Number of reviews	%
Finalised	4	19
In progress	7	33.4
	11	52.4%
Audits not yet due to be started	10	47.6
Total	21	100%

NB: The figures within the table include 2 audits carried forward from the 2021/22 audit plan.

3.3 The table below details the scheduling of the audits for the rest of the financial year. Currently the audit plan is on track to be completed by the end of the financial year.

	July	Staff Recruitment & Retention Audit
Q2	August	Covid-19 Business Grants Audit (WBC)
	September	Procurement Audit (PCC)
	October	Financial Grants to Organisations (WBC) Cyber Security (PCC) Cash Receipting (IMS) Audit
Q3	November	Council Tax - Billing, Collection & Recovery Audit s106 (SANGS) - Follow Up Audit
	December	Treasury Management Audit Taxi Licencing - Follow Up Audit Concerto Property System - PIR Audit
	January	Performance Management Audit (WBC) CREP - VFM Audit CCTV Audit Information Governance Audit (WBC)
Q4	February	Application Patch Management - Follow Up Audit (PCC) IT Development (PCC)
	March	
		Underway
		Completed
		Draft report stage

4. Expected Deliverables for Q3 2022/23

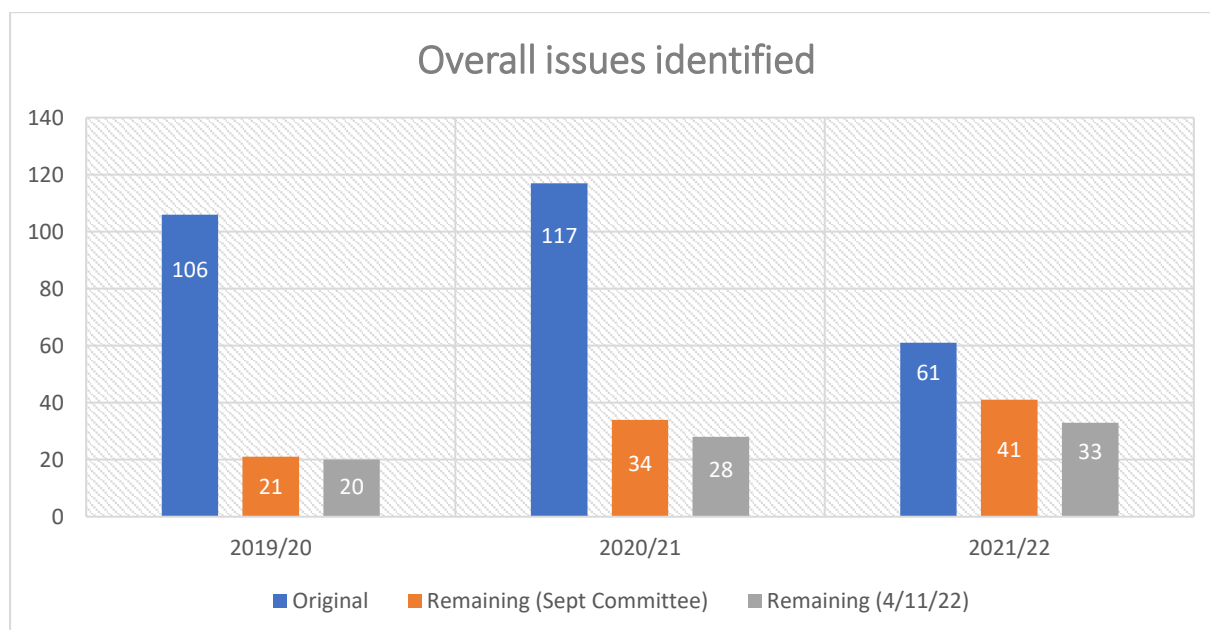
4.1 The work expected to be delivered in quarter 3 is detailed within the table below. It should be noted that 7 of these audits have already commenced. These audits can be subject to change due to the evolving auditing environment. Updates on these will be provide at the next committee meeting:

Service	Audit/ follow up/descriptor
Democracy	Alderwood Leisure Centre – <i>A follow-up of the audit from 2020/21</i>
HR&OD	Staff Recruitment & Retention – <i>A review over staff vacancies, especially key positions, and the measures taken to retain staff</i>

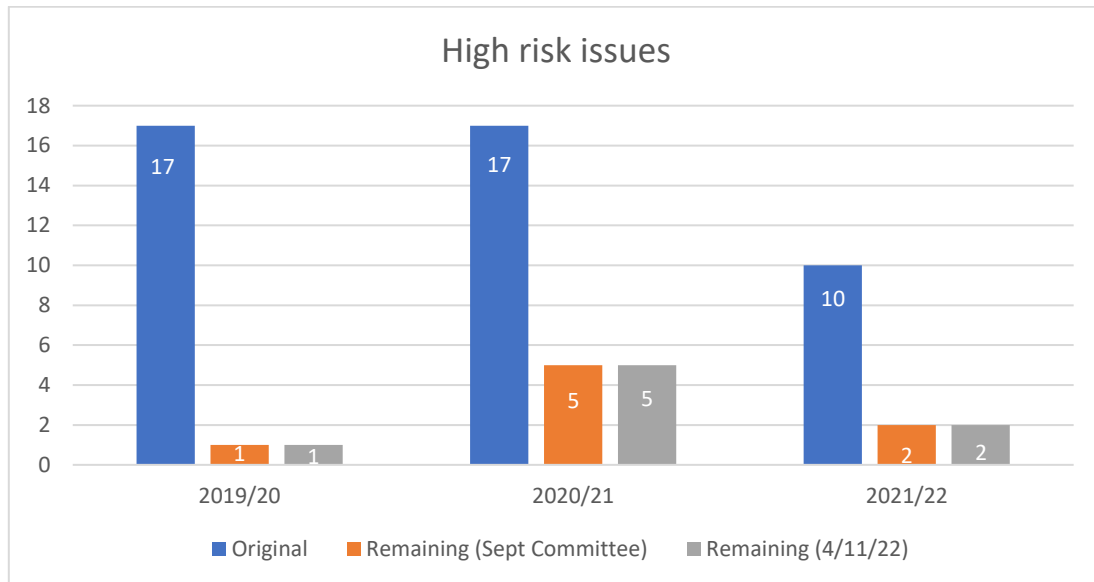
Service	Audit/ follow up/descriptor
IT	Cyber Security - <i>A review over the Council's IT infrastructure to ensure it is robust, secure and supports service delivery</i>
Democracy	Financial Grants to Organisations – <i>A review over the process by which monies are granted to local organisations</i>
Finance	Cash Receipting – <i>A review over key financial system</i>
ACE	Procurement – <i>A review of the procurement process in the Council and the interaction with Portsmouth CC under the Service Level Agreement.</i>
Finance	Council Tax Billing, Collection & Recovery – <i>A review of Council Tax with a focus on debtors and recovery</i>
Property, Estates and Technical Services	Concerto Property System – PIR Audit – <i>A review of the implementation of the new property system.</i>
Economy, Planning and Strategic Housing	Suitable Alternative Natural Green Space (SANGS) - <i>A follow-up of the audit from 2019/20</i>

5. Outstanding Audit Issues

5.1 Overall, there has been a steady progress in the implementation of outstanding audit issues since the last report to this Committee. The graph below shows the overall number of audit issues identified for each financial year and the number which remain outstanding as of November 2022.



6.2 The high-risk issues identified are ones which require focus by the organisation in order to implement the actions agreed to mitigate the high-risk issues identified. Below the graph shows the number of high-risk issues identified against the number implemented as of November 2022.



6.3 It is in the Audit Manager’s opinion that sufficient progress is being made towards the high-risk recommendations and there is no significant issues to draw to the Committee’s attention in relation to these.

6.4 The table below shows the expected completion date for these outstanding high risks.

Year recommendations made	Service Area	Audit	No. of high-risk recommendations	Expected implementation date	Total
2019/20	Finance/IT	PCI DSS	1	31/3/23	
					1
2020/21	IT	Application Patch Management	2	31/3/23	
2020/21	Finance	Purchase Ledger	2	28/2/23	
2020/21	ACE	Contract Management	1	31/3/23	
					5
2021/22	Finance	Insurance	2	31/12/22	
					2

7. Recommendation

- 7.1 Members are requested to note the information provided within the report in relation to the progress of Audit work to date towards the 2022/23 audit plan, the expected deliverables for Q3 and the outstanding audit issues.

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HEAD OF SERVICE: Ross Brown, Interim Executive Head of Financial Services and S151 Officer

References: *Internal Audit – Audit Plan 2022/23*, presented to the Committee on 28 March 2022.

[Agenda for Corporate Governance, Audit and Standards Committee on Monday, 28th March, 2022, 7.00 pm - Rushmoor Borough Council](#)