

29th JANUARY 2025

INTERNAL AUDIT – AUDIT UPDATE

SUMMARY:

This report describes:

- An update on the audits finalised since the last update report to Committee in September 2024 and a summary of the progress towards the 2024/25 audit plan.

RECOMMENDATION:

Members are requested to:

- i. Note the audit work completed.
- ii. Note the progress to date towards the 2024/25 audit plan.

1 Introduction

1.1 This report is to provide Members with:

- An overview of the work finalised for the 2023/24 audit plan;
- A progress update on the 2024/25 Audit Plan; and
- A schedule of work to be delivered in Q4.

2 Audit Work Completed

2.1 The table below provides an overview of the assurance opinion, given to the completed audits since the last update in September 2024:

Audit Title	Assurance Opinion	Recommendations by Priority		
		High	Medium	Low
2023/24 Internal Audit Plan				
Capital Programme – Meads	Reasonable	1	0	0
2024/25 Internal Audit Plan				
Building Control	Reasonable	1	3	1
Princes Hall	Reasonable	2	7	1
Procurement cards follow up	Substantial	0	1	0

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

Capital Programme – Meads

The Council undertook a purchase of the Meads and did substantial due diligence using external expert support and advice.

Rushmoor Borough Council (RBC) commissioned the services of Lambert Smith Hampton Investment Management (LSHIM) to provide professional advice and assurance. Part of the Asset Report published by the LSHIM set out options for the format of operational management, following which Eddison's were engaged through a standard tendering process. A decision was approved by Cabinet to contract with the successful company in advance of the acquisition to facilitate mobilisation and provide further due diligence.

Town Centre strategy was published by David Lock Associates, to explore the sustainability of a regeneration project of the scale likely to result from a capital purchase such as the Meads & Kingsmead. The viability of future regeneration was also validated by the commitment of Sovereign Housing Association to its own plans to rejuvenate their recently purchased Princes Mead, all be it a predominantly housing led project.

In addition, to one high priority recommendation on retrospective reporting on the approach taken to financing, a number of best practice recommendations were identified which would strengthen any future approach including:

- Improved modelling providing more extensive scenario testing which covers worse case and other options available.
- Clear approval requests within reports so that it is clearly shown what is being requested for approval from Cabinet.
- Exit strategy to demonstrate at what point the Council would no longer view the strategy viable and what action would be taken to exit.

Building Control

Key Observations

Areas assessed to be working well/controls are effective:

- Risk Management processes to ensure that projects identified as non-standard and therefore subject to a bespoke inspection are in place and embedded into the IDOX system in order to meet the requirements of KPI 3.
- One of the requirements within the legislation (KPI5), is to state whether there is a Quality Management System (QMS) in place, RBC have been awarded (British Standards Institution) BSI ISO:9001 in Quality Management.
- A complaints process is in place with a procedure on how to handle the complaints to enable continual improvement in compliance with KPI6 of the OSR monitoring arrangements as well as full reportable data.
- In order to meet the Code of Conduct for Registered Building Inspectors a Whistleblowing Policy needs to be in place and the council have this and is readily available via different methods.

- All building inspectors are registered, except for one trainee who works under supervision in compliance with the regulation. The building inspectors' class and category are confirmed through the government website.

Areas where the framework of governance, risk management and control could be improved:

- The council do not have effective monitoring arrangements to comply with KPI1 of the Operational Standards Rules (OSR) monitoring arrangements by the Building Safety Regulator (BSR) as reporting is currently completed manually by the Technical Support Leader. This is more likely to be due to the delay of the cloud based IDOX system upgrade that was due to take place in June 2024.
- The IDOX system has been updated to include enforcement and intervention activities however the council currently have no stop notices or other compliance measures in place.
- The Health and Safety Executive (HSE) Code of Conduct refers to Continuous Professional Development (CPD) activities such as training on data protection, equality, diversity and inclusion and these are available at Rushmoor Borough Council and have been completed. However, there are specific training elements set out including anti-money laundering, and this element is yet to be completed by the Registered Building Inspectors as RBC do not have any in-house training available.

Princes Hall

Areas assessed to be working well/controls are effective:

- Princes Hall has built strong relationships with the local community and supports many local services such as Rushmoor Healthy Living, Recovery College, Blood Donation and NHS Managing Emotions groups amongst many others. Rooms are available for hire within the building. The rates for hire are agreed with the Finance department and Commercial Manager – Theatre and Leisure.
- A detailed 'H & S Maintenance' tracker is utilised to provide a high level overview of health and safety elements within Princes Hall, including areas such as legionella, fire, lifting equipment, air handling and ventilation, amongst others. The control sheet defines areas into sections and states who is responsible, the frequency of check to be conducted and the date for the next safety check to be completed.
- A 'Front of House Checklist' is used to record safety checks that are completed before and after every show.
- 'Skillsgate' system is used to record and manage staff training. All staff are required to complete eight mandatory modules including workplace health and safety, and fire safety. All mandatory testing had been completed by Princes Hall staff.

- Technicians working at height are required to complete the International Powered Access Federation (IPAF) training. Training and expire dates is monitored by the Commercial Manager – Theatre and Leisure.
- Service contracts are in place with ‘Gilgen Doors’ to service the roller and automatic doors every six months, reports are produced and provided to property services on completion. Temple lifts comprehensive service contract is in place with quarterly reviews scheduled and undertaken. They work in conjunction with Zurich who inspect and issue Lifting Operations and Lifting Equipment Regulations 1998 (LOLER) certificates.
- Five risk assessments (Manual Handling; Office; Working at Height; Aladdin performances and Fire) were provided as part of the review, testing found that all risk assessments were comprehensive with a RAG rated system being applied. The ‘H & S Maintenance’ tracker spreadsheet is also used to manage and maintain all risk assessments that are required to be completed throughout the theatre.
- Accidents and near misses are reported directly using the SharePoint page, a corporate reporting page for accidents and incidents is available. Once logged the Corporate Health and Safety Manager reviews and completes any necessary follow up. A quarterly Corporate Health, Safety & Welfare Group meeting is also attended by the Commercial Manager – Theatre and Leisure to be aware of any changes to corporate policies and guidance.
- Princes Hall maintain various licenses for the theatre including a premises licence, a food hygiene certificate, and a music licence return is submitted quarterly to PRS for Music by the Commercial Manager – Theatre and Leisure.
- A ‘Tech Jobs List’ tracking spreadsheet is used to record and log low priority maintenance issues. The jobs are colour coded using amber, green and red to prioritise jobs in priority order.
- Contractors who are required to complete necessary works within the theatre are selected from Rushmoor Borough Council's Framework.
- The finance department at Rushmoor Borough council set the % rates for fees and charges which is RPI linked. The proposal is reviewed by the Commercial and Service Manager at Princes Hall. A comprehensive spreadsheet named ‘Fees and Charges - Budget Setting 24/25’ is used to show charges for the coming financial year.
- ‘Square Up’ system is used to capture stock details of items sold within the bars. A report of ‘Refreshment Category Sales Data’ is also held to provide analysis of sales data per show. This is used to plan and predict future sales for up-and-coming shows.

Areas where the framework of governance, risk management and control could be improved:

- Fire and water checks are allocated by a Senior Technician. Microsoft Forms are used to capture data, Casual Staff scan a QR code on their mobile device and complete the necessary checks such as whether fire extinguishers are in the right locations and are intact, also running / flushing of infrequently used taps throughout the building are stated as weekly checks. However, testing found inconsistencies in the timing of the fire and water checks, with no established routine for reviewing and addressing identified issues.
- Ten supporting documents such as policies and procedures were obtained as part of the review, testing found that all documents were clear and concise. However, five had no known review dates and ten had no version numbers to ensure the latest was in circulation.
- Testing found out of eleven job descriptions ten had clearly defined areas for compliance with health and safety or had set responsibilities for aspects of health and safety. However, one job description had no detail regarding health and safety and for one role no job description was available.
- Development Reviews are completed annually for staff and testing found that job descriptions state their 'Principal Accountabilities' aligned to their role for all eleven roles reviewed. However, 'Principal Accountabilities' or KPI's were unable to be evidenced and being used to monitor performance.
- Access levels to the systems used are controlled by the Commercial Manager – Theatre and Leisure, users are set up within the 'Yesplan system and 'Spektrix' and assigned the necessary levels of access according to the role. An 'Access to Spektrix' matrix was provided which shows which members of the team have full access, report collector access or no access. However, it was stated that there is currently no control sheet or overview document for the 'Yesplan' system, as this is currently still within the development stages.

Procurement cards – follow up

The procurement card audit was carried out in 23/24 and provided a limited assurance level.

Since the audit was carried out the Council has re-procured the procurement cards through its banking provider. The benefits of moving the procurement cards include:

- Improved controls for the Council
- Financial rebates on spend carried out on the cards
- Improved visibility of transactions on the cards in real time through the new portal.

Finance are currently running the new cards in parallel to transitioning users across from the old cards. During this process Finance are also reviewing if users still need the cards prior to giving them a new one, reviewing limits and getting users to sign up to the guidance to show they have read and understood the terms for using the cards.

3 Progress towards the Audit Plan

3.1 The table below provides a summary of progress to date (13/01/25):

2023/24 audit plan progress

Audit/ Audit follow up status	Number of reviews	%
Finalised	12	75
Draft report	2	12.5
In progress	0	0
Audits removed	2	12.5
	16	100
Audits to be started	0	0
Total	16	100

2024/25 audit plan progress

Audit/ Audit follow up status	Number of reviews	%
Finalised	2	15
Draft report	1	8
In progress	6	46
Audits removed	0	0
	9	69
Audits to be started	4	31
Total	13	100

4. Expected Deliverables for Q4 2024/25

4.1 The work expected to be delivered in quarter 4 is detailed within the table below. 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
Operations	Disabled Facilities Grants – To review the DFG process.
ACE	Homes for Ukraine fund - A review of the processes for the Homes for Ukraine funding. (23/24)
ELT	Rushmoor Homes Limited - Review the processes in place for RBC involvement with RHL including the process for drawing down funding. (23/24)
Finance	Effectiveness of financial rules and processes & compliance with financial regulations - To review the effectiveness of processes in place and compliance.

Service	Audit/ follow up/descriptor
Finance	Capital Programme – To review the process for developing and agreeing the annual capital programme.
Democracy	Elections - To review the implementation of the new election’s legislation and data security.
ACE	Local Authority Housing Fund - To review the spending of the fund to ensure in line with requirements.
Finance	National Non-Domestic Rates (NNDR) – Key financial system
Finance	Sales Ledger – Key financial system
Finance	Financial Management System (FMS) & Bank Reconciliation – Key financial system
Regeneration	Union Yard – A review of the project including governance and finances.
IT	Pay 360 – A review of the update to the 360 system.
Property & Growth	Biodiversity - A review to ensure that the appropriate processes have been implemented to meet the new legislation.

5. Recommendation

5.1 Members are requested to note the information provided within the report in relation to the progress of Audit work to date towards the 2024/25 audit plan, and the expected deliverables for Q4.

AUTHOR: Nikki Fleming, Service Manager - Audit
07867 377484
nikki.fleming@rushmoor.gov.uk

HEAD OF SERVICE: Peter Vickers, Executive Head of Financial Services and S151 Officer

References:

Internal Audit – Audit Plan 2024/25, presented to the Committee on 20 March 2024.
[Agenda for Corporate Governance, Audit and Standards Committee on Wednesday, 20th March, 2024, 7.00 pm - Rushmoor Borough Council](#)

Internal Audit – Audit Plan 2023/24, presented to the Committee on 27 March 2023.
[Agenda for Corporate Governance, Audit and Standards Committee on Monday, 27th March, 2023, 7.00 pm - Rushmoor Borough Council](#)