



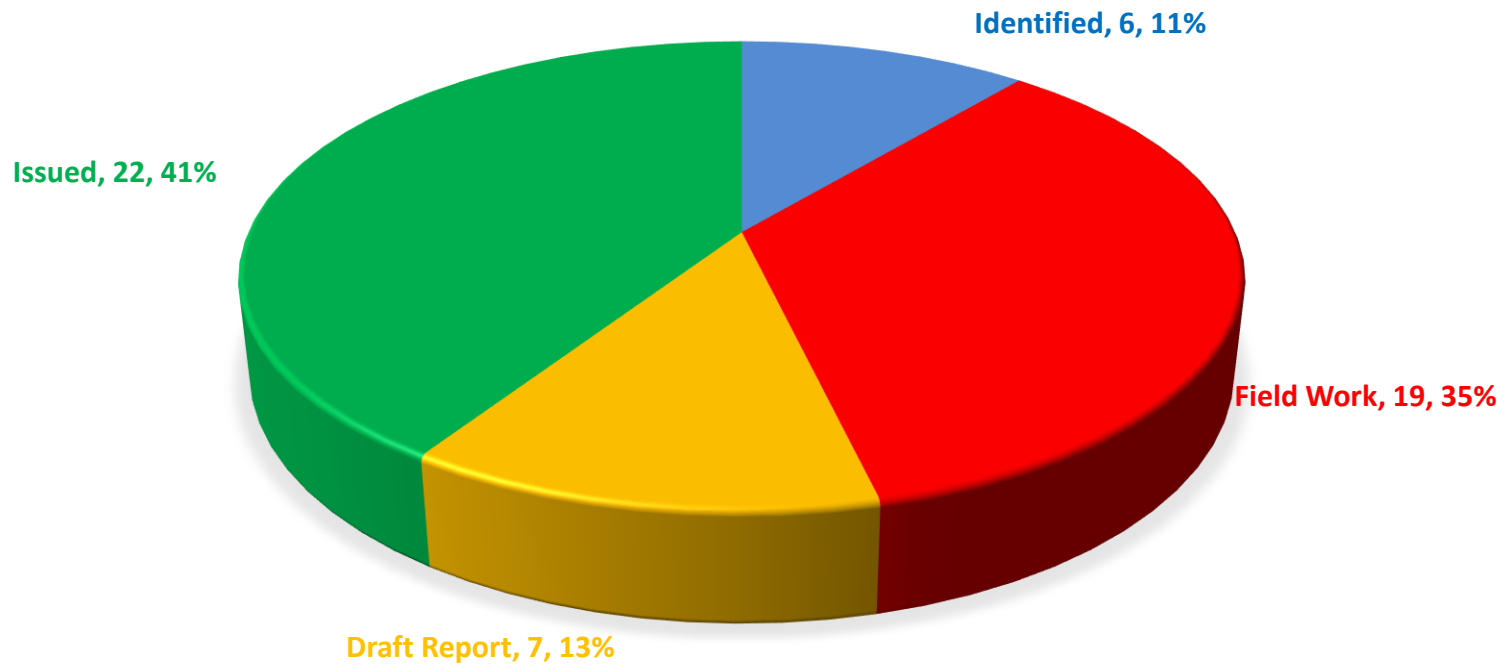
**SOUTHAMPTON**  
CITY COUNCIL

## **Internal Audit Progress Report**

12<sup>th</sup> February 2025

Elizabeth Goodwin, Chief Internal Auditor

## 1. Audit Plan Progress as of 17<sup>th</sup> January 2025



There are a total of 54 reviews in the 2024/25 Audit Plan as of 17<sup>th</sup> January 2025.

To date, 89% of reviews have been completed or are in progress. This represents 22 (41%) items where the report has been finalised, 7 (13%) where the report is in draft and 19 (35%) audits currently in progress.

Status	Current Position
Identified	6
Fieldwork	19
Draft Report	7
Final Report	22
<b>Total</b>	<b>54</b>

## 2. Audit Plan Status/Changes

The Audit Plan has remained flexible to take into account emerging or escalating risk exposure. Since the last reporting period the following changes to the 2024/25 Audit Plan should be noted:

Added	Contract Review	Added at the request of the s151 Officer due to overspend.	Full
	Disabled Facilities Grant Process Review	Added as a process review is required.	Full

Removed	Annual Governance Statement	Removed to accommodate additional audit.	Full
	Electrical Charging Points Grant	Information not available to undertake review this financial year.	Grant

Any audits removed as noted above will now be considered as part of the 2025/26 audit plan.

### 3. 2024/25 Audits completed since the last reporting period

#### Accounts Receivable

Exceptions Raised				Overall Assurance Level	Assurance Level by Scope Area	
Critical	High	Medium	Low	Reasonable		
0	0	4	2		Actions should be implemented by TBC	Achievement of Strategic Objectives
					Compliance with Policies, Laws & Regulations	Assurance
					Safeguarding of Assets	Reasonable
					Effectiveness and Efficiency of Operations	Reasonable
					Reliability and Integrity of Data	No Areas Tested

The first medium risk was raised in relation to Adult Social Care debt recovery currently suppressed awaiting representation for clients lacking capacity, there is currently 68 cases requiring active monitoring, establishing the current position it was noted from the Financial Assessment and Benefit (FAB) team that establishing the current position is a time-consuming exercise which risks debts being suppressed for a longer duration awaiting reviews. The second medium risk was raised in relation to the suit of reports for the monitoring of the current financial position of debts being under review with further data cleansing being required. The third medium risk was raised in relation to the suspense account which had a balance of £550k at mid-October 2024.

The first low risk exception was raised in relation to the debt write-off policy which was last reviewed in July 2021. The second low risk exception was raised in relation to the timeliness of invoices with raised invoices not dating when goods or services were undertaken.

**IT Disaster Recovery**
**Exceptions Raised**

Critical	High	Medium	Low
0	4	1	0

**Overall Assurance Level**

<b>Limited</b>
Actions should be implemented by August 2025

**Assurance Level by Scope Area**

Achievement of Strategic Objectives	<b>Limited</b>
Compliance with Policies, Laws & Regulations	<b>No Areas Tested</b>
Safeguarding of Assets	<b>Limited</b>
Effectiveness and Efficiency of Operations	<b>Limited</b>
Reliability and Integrity of Data	<b>No Areas Tested</b>

The first high risk was raised in relation to the IT Disaster Recovery Plan which is not currently in line with council's needs with the current version dated 2018. As outlined in the Strategic Risk Register, there is limited intelligence regarding what service areas require in terms of IT disaster recovery. The second high risk was raised in relation to the last comprehensive test of arrangements having been completed in 2020 and without a gap analysis exercise on contracts with vendors to ensure the continuity outlined in contracts is up to standard in practice. The third high risk covers business continuity plans with the majority of plans held centrally being dated 2021 or earlier. The fourth high risk was raised in relation to IT content in business continuity plans holding insufficient detail with how they will function and deal with a lack of data in the period when systems are recovered. A low risk exception was raised in relation to out of hours cover being based on goodwill rather than a rota or requirement outlined in staff's contracts.

**Payroll**

Exceptions Raised				Overall Assurance Level	Assurance Level by Scope Area	
<b>Critical</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>	<b>Reasonable</b>	Achievement of Strategic Objectives	No Areas Tested
0	0	3	0	Actions should be implemented by September 2025	Compliance with Policies, Laws & Regulations	<b>Assurance</b>
					Safeguarding of Assets	<b>Reasonable</b>
					Effectiveness and Efficiency of Operations	<b>Reasonable</b>
					Reliability and Integrity of Data	No Areas Tested

The first medium risk was raised in relation to the monitoring of non-statutory deductions with testing identifying 1 of 5 'Vivup' deductions (for home/electronic purchases) being over 10% of an employee's annual salary which is against policy. It was also noted that alongside pensions there are now additional schemes available including car, cycling, home and electronic good schemes etc. Without a more automated monitoring of deductions there is a risk that an employee could use a number of benefits on offer which when combined could result in a breach of the National Living Wage. The second medium risk was raised in relation to management trails with testing identifying the faster payment forms saved in the corporate folder not capturing the management approval although they were found in email form. Testing also found that 2 of the 15 overtime claims did not include a reasonable description to establish why it was being claimed. The final medium risk was raised in relation to the new movers' process with testing identifying one mover form has not been actioned resulting in a delay in pay to the employee.

**Purchase Cards**
**Exceptions Raised**

Critical	High	Medium	Low
0	0	2	0

**Overall Assurance Level**

<b>Reasonable</b>
Actions should be implemented by March 2026

**Assurance Level by Scope Area**

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

The first medium risk was raised in relation to the corporate amazon card as testing identified 155 transactions dating back to April 2024 waiting in the workflow taskbar for action. A conversation with Contracting and Procurement Services identified that these are managed by one manager centrally which means there is a single point of failure. Furthermore, this administrative role should sit at a lower pay scale or move back to budget holders. The second medium risk was raised in relation to an outstanding workflow change to incorporate a control mechanism to make budget holder authorisations a mandatory step in the purchase card purchasing process.

**Unregulated Placements**

Exceptions Raised				Overall Assurance Level	Assurance Level by Scope Area	
Critical	High	Medium	Low	Limited		
0	4	1	0	Actions should be implemented by December 2024	Achievement of Strategic Objectives	No Areas Tested
					Compliance with Policies, Laws & Regulations	Limited
					Safeguarding of Assets	No Areas Tested
					Effectiveness and Efficiency of Operations	Limited
					Reliability and Integrity of Data	No Areas Tested

The first high risk exception relates to testing of the case files for 10 young people in supported accommodation where 5/10 placement plans could not be located. The second high risk was raised in relation to a lack of recording of accommodation due diligence being undertaken. Of the 31 properties accommodating young people under SCC’s care, 14 (45%) of these properties are recorded as not having received a visit from SCC. Further testing confirmed that these 14 had been registered with Ofsted and 6 had been visited by Ofsted and received a certificate. The remaining properties should shortly be receiving standard Ofsted visit. The third high risk was raised in relation to the authority requirement to notify the independent reviewing officers (IROs) at least within five days of placement with testing identifying 3/10 notifications being over 5 days with one bring as long as 38 days after placement. The final high risk was raised in relation to the placement budget holder authorisations appearing to take place on average, 22 days after the placement has started. The medium risk was raised in relation to 2/5 providers not being on the Ofsted website, however they had received Ofsted identification numbers which suggests they are registered.



**Valentine Primary School**

Exceptions Raised				Overall Assurance Level	Assurance Level by Scope Area	
Critical	High	Medium	Low	Reasonable	Achievement of Strategic Objectives	Reasonable
0	1	1	0		Actions should be implemented by April 2025	Compliance with Policies, Laws & Regulations
					Safeguarding of Assets	Reasonable
					Effectiveness and Efficiency of Operations	No Areas Tested
					Reliability and Integrity of Data	No Areas Tested

A high risk exception was raised due to the school not having a contract register in place. A review of expenditure found that 14 suppliers had been paid in excess of £10,000 this financial year but testing was unable to place assurances, from the information provided, that the Contract Procedure Rules had been followed. Testing was able to evidence value for money discussions in Governing Body minutes. Furthermore, a review of 5 purchases highlighted that purchase orders were not being raised. The medium risk exception was raised in relation to a lack of separation of duties for inventory asset audits which are undertaken by the same person who is responsible for recording and updating the asset inventory.

## 4. 2024/25 Follow Up Audits since the last reporting period

### Voids

#### Original Exceptions Raised

Critical	High	Medium	Low
0	1	1	0

Latest implementation date scheduled for follow up action is July 2024

#### Original Assurance Level

Limited

#### Follow up Assurance

Limited

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

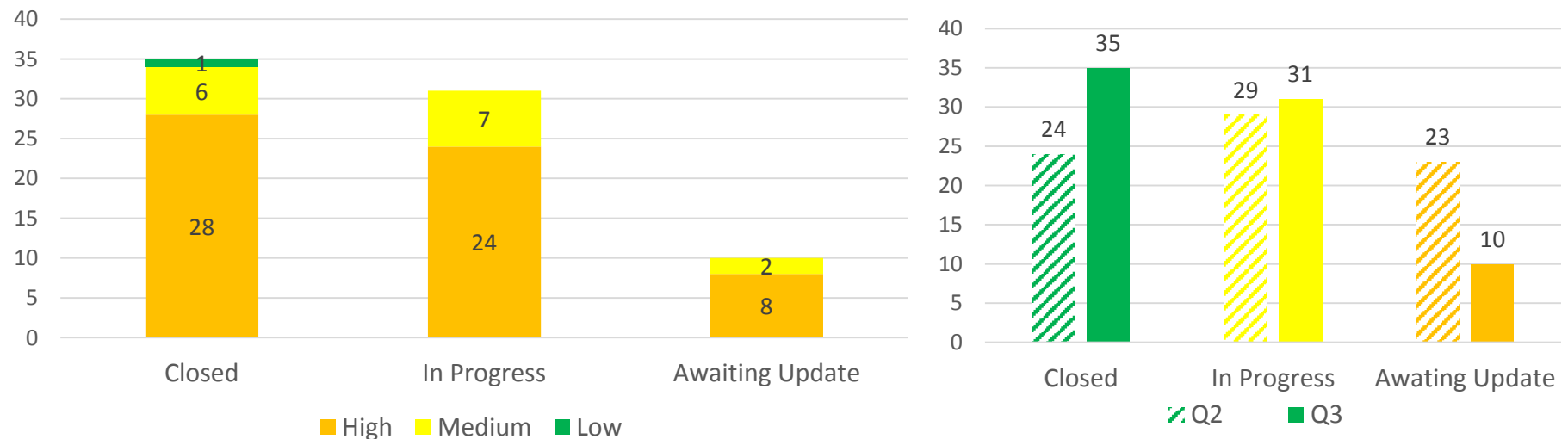
Follow up testing was able to establish that the peak in the voids backlog looks to have occurred in January 2024 with 446 properties empty and therefore not collecting rent. As of August 2024, the number of voids properties had reduced to 334 (25% decrease) and given the additional resources this would indicate the inflexion point has been reached and the number of voids is gradually reducing. However, even at these elevated levels the rent loss associated with void properties is high and therefore the high risk remains in progress. It should also be noted that the time taken for routine voids turnaround has reduced from 133 to 115 days (13.5% decrease) which remains elevated. For major works the turnaround time has increased from 278 to 338 days (21.5% increase). This would be an indication that the reduction noted is in response to an increase in capacity rather than requiring less maintenance work or through more efficient processes.

The medium risk relating to void records remains in progress as void procedures are reviewed as part of a Lean Consultant review looking at the voids workstream and its interdependencies as well as a diagnostic review which was undertaken by Newton Europe. These reviews have resulted in a phase 2 improvement plan aimed at increasing productivity, improving the materials/logistic workstream, increasing tenancy inspections and better void property allocations. Until these changes have been implemented and are assessed as effective the medium risk remains in progress.

## 5. Audit Action Tracker

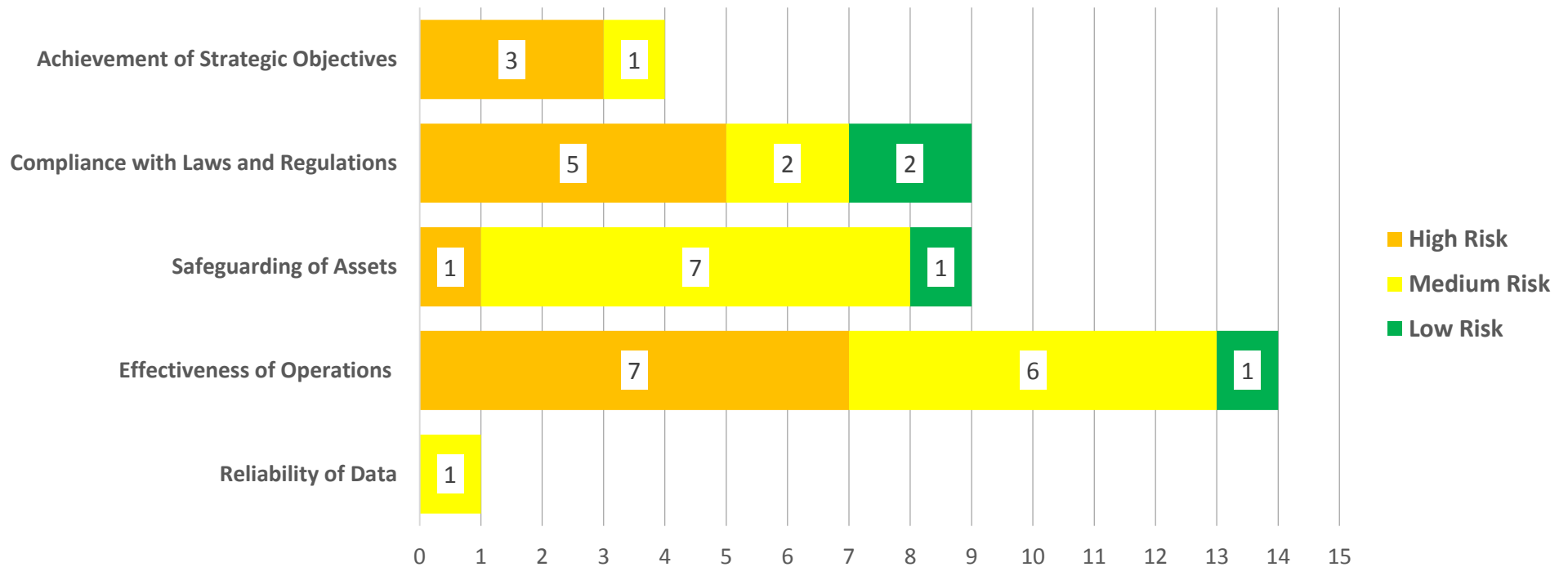
5.1 An Audit Action Tracker has been rolled out across the authority which lists outstanding actions raised in audit reports. The tracker includes details on ownership, status, progress and timeframes in a user friendly SharePoint site. The purpose of the tracker is to provide Senior Managers and Directors additional means to maintain greater visibility and oversight of outstanding actions in their services/directorates and to ensure greater traction when it comes to implementation.

5.2 Action owners are ultimately responsible for ensuring that actions they have agreed to have been completed and the risk exposure has been adequately reduced or mitigated. Internal Audit will follow up on a number of actions/audits based on the risk profile, of the 152 actions in the tracker, 76 (50%) will be followed up by Internal Audit with the remaining 52 (50%) delegated to the service with some routine checking being undertaken by audit. Details on the progress can be found below:



5.3 Of those 76 actions delegated to the service, as of 7th January; 35 (46%) have been closed down with a further 31 (41%) currently listed as in progress. The remaining 10 (13%) were awaiting an update from the service. Internal Audit will return to each DMT on a quarterly basis to report on the directorates progress and to raise by exception the open actions which have gained little traction, or which are still significant control weaknesses.

## 6.Exception Analysis to Date



	Achievement of Strategic Objectives	Compliance	Safeguarding of Assets	Effectiveness of Operations	Reliability & Integrity	Total
Critical Risk						
High Risk	3	5	1	7		16
Medium Risk	1	2	7	6	1	17
Low Risk - Improvement		2	1	1		4
<b>Grand Total</b>	<b>4</b>	<b>9</b>	<b>9</b>	<b>14</b>	<b>1</b>	<b>37</b>