

## EXECUTIVE SUMMARY

## ANNEX 2

### 1. ASSURANCE LEVEL/OPINION

Internal Audit Reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives for the area under review.

<b>Assurance Level/Opinion:</b>	<b>Description:</b>
Full	There is a sound system of control designed to achieve the system objectives.
Substantial	While basically there is a sound system there are weaknesses which put some of the control objectives at risk.
Limited	Weaknesses in the system of controls are such as to put the system objectives at risk.
No	Control is generally weak leaving the system open to significant error or abuse.

### 2. CONTROL WEAKNESS – RISK RANKING

<b>Priority Level:</b>	<b>Description:</b>
High	Major issues for the attention of Senior Management. Action needs to be taken within a reasonable timescale to address significant control weaknesses and to ensure that the controls can be relied upon for the effective performance of the Service or function.
Medium	Issues for middle management action. These include control weaknesses that may expose the system function or process to a key risk but the likelihood of it occurring is significant rather than high.
Low	Minor matters. Low risk exceptions or improvements which help to improve service effectiveness and efficiency.

**1.**

Control Weaknesses Identified:		
High	Medium	Low
0	1	0

**ACCOUNTANCY 2021/22**

Overall Assurance Opinion:
Substantial Assurance
Agreed action is scheduled to be implemented by 31/07/22

Scope:	Control Weakness:
<ul style="list-style-type: none"> <li>Compliance with statutory and professional requirements.</li> <li>Budgetary control including coding structure, preparation and loading of budgets and virements.</li> <li>Journal and year end procedures.</li> <li>Interfaces with Feeder systems and the reconciliation of control accounts.</li> <li>Bank reconciliation.</li> </ul>	<p>The action plan for Quarter 2 for Property Asset Management Services had not been signed by the Deputy Chief Executive or Property Services Manager in the absence of the Head of Property and Asset Management.</p>

**2.**

Control Weaknesses Identified:		
High	Medium	Low
0	4	0

**HOUSING BENEFIT & COUNCIL TAX SUPPORT 2021/22**

Overall Assurance Opinion:
Substantial/ <i>*Limited Assurance</i>
Agreed actions are scheduled to be implemented by 31/08/22

Scope:	Control Weakness:
<ul style="list-style-type: none"> <li>Dealing with Customers</li> <li>Registration and Assessment of claims</li> <li>Payments</li> <li>Overpayments and Recovery</li> <li>Refunds</li> </ul>	<ul style="list-style-type: none"> <li>Performance against certain Benefits related measures was below target.</li> <li>There was no evidence of testing of the critical systems within the Service Business Continuity Plan which would include the Housing Benefit and Council Tax systems.</li> </ul>

<ul style="list-style-type: none"> <li>• Write-offs</li> <li>• Business Continuity Planning</li> </ul>	<ul style="list-style-type: none"> <li>• Housing Benefit debtors' recovery action had not been monitored and reported on due to the long term absence of Team Leader and therefore no write-offs had been actioned. (<i>*limited assurance</i>)</li> <li>• Credit balances had not been monitored due to the long term absence of the Team Leader resulting in no refunds being raised, approved and actioned. (<i>*limited assurance</i>)</li> </ul>
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**3.**

<b>Control Weaknesses Identified:</b>		
High	Medium	Low
0	3	0

**PAYROLL 2021/22**

<b>Overall Assurance Opinion:</b>
<b>Substantial Assurance</b>
Agreed actions are scheduled to be implemented by 31/07/22

<b>Scope:</b>	<b>Control Weakness:</b>
<ul style="list-style-type: none"> <li>• Additional payments.</li> <li>• Calculation of and making changes to annual leave.</li> <li>• Changes to standing data hay grade, increments etc.</li> <li>• Payroll reconciliation.</li> <li>• Deductions and payments to third parties.</li> <li>• Payment of salaries and posting of data to accounting records.</li> <li>• Starters and Leavers process</li> </ul>	<ul style="list-style-type: none"> <li>• Salary overpayments and other staff deductions passed for recovery via the Debtors system can be difficult to chase and recover on the basis of the current information provided to the Debtors Team. As a result debt recovery can be protracted or debts written off.</li> <li>• There was no published policy on how and when career progression increments should be applied. This could lead to inconsistent application across the Council.</li> <li>• The Authorised signatory form for the HR Manager did not reflect the change (agreed following the 2020-21 audit) for her to authorise the Net pay BACS file. As there have been staffing changes and name changes within the Team the authorised signatories for the whole team would benefit from review.</li> </ul>

**4.**

Control Weaknesses Identified:		
High	Medium	Low
0	0	0

**LEISURE CONTRACT  
2021/22**

Overall Assurance Opinion:
Substantial Assurance
No further actions agreed

Scope:	Issues identified:
Review of the current financial position in response to contractual support sought by the incumbent. This support relates to Covid19 pandemic impacts and the resulting Qualifying Change in Law (QCiL).	The current situation presents significant issues that have arisen as a result of unforeseen events (pandemic) rather than being risks that may occur. Based on the work undertaken and the current information available substantial assurance has been given that the Council is responding appropriately to the impacts of Covid19 on the on-going operation of the Council's Leisure facilities.

**5.**

Control Weaknesses Identified:		
High	Medium	Low
0	0	0

**PROJECT ASSURANCE  
SUMMARY  
2021/22**

Overall Assurance Opinion:
Substantial Assurance
No actions agreed

Scope:	Current Status/Assurance position:
Summary of audit work undertaken, in a project assurance capacity, on major projects during 2021/22. Time was also spent during the year supporting the development of the Council's governance arrangements and assessing these alongside the Centre for Governance and Scrutiny - Governance Risk and Resilience framework	Due to the timescales of the projects whilst the project objectives are being met at the current stage some of the business benefits have yet to be realised. Awareness of project management methodology is evident. Risk registers have been established and maintained as appropriate for the project stage.

6.

Control Weaknesses Identified:		
High	Medium	Low
0	0	0

**MAJOR DEVELOPMENT  
AREAS 2021/22**

Overall Assurance Opinion:
Substantial Assurance
Action plan agreed and to be monitored by project implementation group

Scope:	Areas for improvement:
<p>Summary of audit review of the processes for the planning and delivery / implementation of New Neighbourhoods predominantly residential areas and community facilities allocated through the Local Plan. This was a continuation of work from 2020/21 and included:</p> <ul style="list-style-type: none"> <li>Identifying and addressing ways in which new development areas could be delivered more effectively and efficiently building on the collaborative work carried out across the Council to enhance the internal processes by which new development is conceived, secured and delivered for Test Valley communities.</li> <li>Determining and documenting Service and officer responsibilities.</li> <li>Ensuring effective enforcement of planning requirements via the robustness of the S106 agreements.</li> <li>Confirming that processes are in place which effectively protect the Council's interests, where ongoing liabilities are transferred to the Council upon adoption of assets.</li> </ul>	<ul style="list-style-type: none"> <li>Clarification of consultation (with whom and when) across all stages and understanding and documenting Service and officer responsibilities.</li> <li>Strengthening the effective enforcement of planning requirements via the robustness of S106 agreements through the development of clauses, procedures/guidance and document templates to be used in them.</li> <li>Development of processes to more effectively protect the Council's interests where ongoing liabilities are transferred to the Council upon adoption of assets.</li> </ul>