



Adur & Worthing Councils

Joint Audit & Governance Committee – March 2024

Internal Audit Progress Report

Date Prepared: 07 March 2024

mazars

Contents

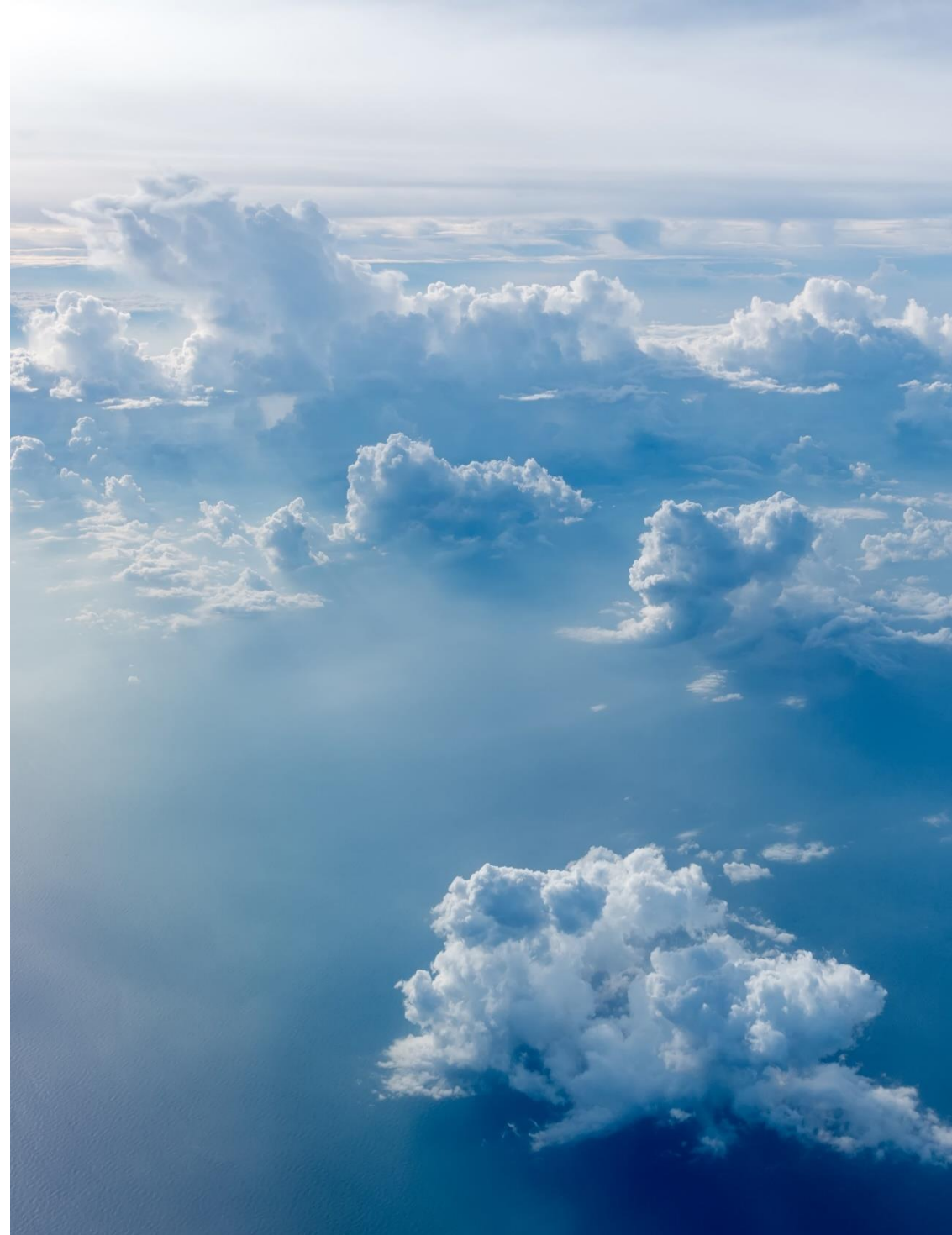
- 01 Snapshot of Internal Audit Activity
- 02 Reports Issued Since Last Committee
- 03 Overview of Internal Audit Plan 2023/24
- 04 Follow-Ups
- 05 Definitions of Assurance

A1 Overdue P1 Recommendations

Disclaimer

This report ("Report") was prepared by Mazars LLP at the request of Adur and Worthing Councils and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of Adur and Worthing Councils and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in this report for further information about responsibilities, limitations and confidentiality.





01 Snapshot of Internal Audit Activity

Introduction

Internal Audit is required to provide a regular report on progress and key findings to the Joint Audit and Governance Committee (Committee).

This report covers internal audit activity and performance since our last report to the Committee in September 2023 and includes:

- An update on progress in delivering the 2023/24 Plan;
- A summary of audit reports issued, and high priority recommendations raised; and
- An update on follow-up activity and any recommendations outstanding for implementation

Internal Audit Progress

The Committee considered and approved the 2023/24 Internal Audit Plan (Plan) on 23 March 2023. The Plan provided for 20 internal audits totalling 406 days, including 35 days for IT audits, and 60 days for management which includes the Head of Internal Audit role.

The audits in the Plan comprised a mixture of key financial systems, service-specific (operational and financial), corporate-wide, and IT reviews. So far, one review (IT Audit Needs Assessment) had been deferred to the 2024/25 FY due to availability of staff. Some other reviews originally timetabled for Q4 were delayed and rescheduled due to limited availability of staff. However, we have proposed revised timings to ensure fieldwork is completed by 30 April 2024 and to enable inclusion in our Annual Report for 2023/24.

We expect to receive responses and finalise the four draft reports issued by the end of March 2024.

The table below provides a summary of current progress relevant to the 2023/24 Plan:

Audit Status	Number of reviews	Percentage %
Finalised/complete	6	31%
Draft report	4	21%
Fieldwork in progress	1	5%
Not yet started	8	43%
Total	19	100%



02 Reports Issued Since Last Committee

We have four categories by which we classify internal audit assurance over the processes we examine: Full, Satisfactory, Limited or None.

Internal Audit categorises recommendations as Priority 1, 2 or 3 to differentiate between the types of recommendation made. These categories give management an indication of the importance and urgency of implementing the recommendations. Details on our Assurance Definitions are contained within Section 05.

Six final reports from the 2023/24 Plan were issued in this reporting period. In addition, we have finalised a report relating to the 2022/23 Plan. However, there are two reports issued as drafts waiting for management responses relevant to the 2022/23 FY (Fire Doors Contract Management and Adur Leisure Contract Management) both reports had been last escalated to the relevant Head of Service and Director in February 2024.

Internal Audit Title	Assurance Level	Plan Year
Legal Services	Satisfactory	2023/24
Disabled Facilities Grants	Limited	2023/24
Safeguarding (Children & Adults)	Limited	2023/24
Health & Safety (Corporate Buildings)	Satisfactory	2023/24
Events – Processing and Management	Satisfactory	2023/24
IT Policies (Advisory Review)	N/A – Advisory	2023/24
Governance of Property Disposals	Satisfactory	2022/23



03 Overview of Internal Audit Plan 2023/24

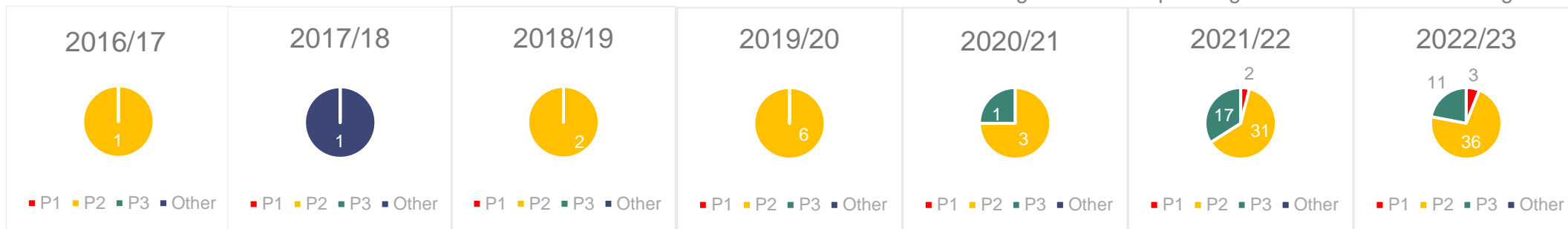
The table below lists the status of all reviews within the 2023/24 Plan.

Review	Status	Debrief Meeting	Assurance Level	P1	P2	P3	Total
Supply of Affordable housing	Draft Report	16/07/2023	Satisfactory	-	1	1	2
Planned Maintenance Programme	Draft Report	25/09/2023	Limited	-	6	2	8
Legal Services	Final	20/07/2023	Satisfactory	-	2	2	4
Disabled Facilities Grants	Final	30/08/2023	Limited	-	11	-	11
Safeguarding (Children and Adults)	Final	26/10/2023	Limited	-	4	1	5
Discretionary Housing Payments (Cost of Living Response)	Draft Report	20/12/2023	Limited	-	2	5	7
Energy Supplier - Procurement & Contract Management	Draft Report	02/02/2024	Satisfactory	-	1	3	4
Health & Safety (Corporate Buildings)	Final	21/12/2023	Satisfactory	-	3	1	4
Events - Processing and Management	Final	05/02/2024	Satisfactory	-	-	3	3
Bereavement Services	In Progress	-	-	-	-	-	-
IT Policies (Advisory Review)	Final	20/12/2023	N/A - Advisory	-	3	3	6
Workforce Planning	Starts 7 March 2024	-	-	-	-	-	-
Invoicing of Housing Services - EATA	Starts 25 March 2024	-	-	-	-	-	-
Key Financial Systems	Starts 1 April 2024	-	-	-	-	-	-
Member Expenses	Starts 4 April 2024	-	-	-	-	-	-
Civica/Connect HR system	Starts 8 April 2024	-	-	-	-	-	-
Follow up on Housing Recommendations	Starts 15 April 2024	-	-	-	-	-	-
Accounts Receivable	Starts 15 April 2024	-	-	-	-	-	-
Carbon Reduction Programme	Starts 25 April 2024	-	-	-	-	-	-
IT Audit Needs Assessment	Deferred to 2024/25	-	-	-	-	-	-
Totals			Totals	-	33	21	54



04 Follow-Ups

Since the last Committee meeting, the Councils' Audit App has continued to be populated with new recommendations from finalised internal audit reports. Follow-up audits are undertaken to ensure that all the recommendations/issues raised have been resolved according to the action plans agreed with the service managers.



As at production of this report, there are 142 recommendations in the Audit App due to be followed up, 114 of which are overdue (5 P1s, 79 P2s, 29 P3s and 1 other). In addition to these 114 recommendations there are 32 which relate to Housing, and these are being progressed through the Housing Transformation Project and which will actively be monitored until completion of that project. These 32 recommendations were detailed within the previous progress report presented in September 2023, with the latest update received from the Housing Team on implementation progress. Internal Audit will verify the implementation of housing related recommendations in April 2024.

Further detail of the five overdue P1 recommendations (excluding Housing) is included in Appendix A1 of this report. We followed up with the responsible Officers for implementing these actions in advance of the Committee and received an update for only one (of five). The remaining did not provide updates at the time of drafting this report.

We have discussed and agreed with the Chief Financial Officer that all overdue recommendations will be reported in detail to the Council's CLT for escalation and to remind responsible Officers to implement these as soon as practical and in line with agreed / revised timescales.



05 Definitions of Assurance

Definitions of Assurance Levels

Level	Description
Full	There is a sound system of control designed to achieve the system objectives and the controls are being consistently applied.
Satisfactory	While there is a basically sound system, there are weaknesses that put some of the system objectives at risk, and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
Limited	Weaknesses in the system of controls are such as to put the system objectives at risk, and/or the level of non-compliance puts the system objectives at risk.
No Assurance	Control is generally weak, leaving the system open to significant error or abuse, and/or significant non-compliance with basic controls leaves the system open to error or abuse.

Definitions of Recommendations

Priority	Definition	Action required
Priority 1 (Fundamental)	Major issues for the attention of senior management and the Joint Governance Committee.	Remedial action must be taken urgently and within an agreed timescale.
Priority 2 (Significant)	Other recommendations for local management action.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
Priority 3 (Housekeeping)	Minor matters.	Remedial action should be prioritised and undertaken within an agreed timescale.

A1 Overdue P1 Recommendations

Recommendation (Reference & content)	Agreed Action and Comments	Follow Up Comments	Proposed Completion Date
Governance of Property Purchases (Final Report Issued November 2022)			
<p>2.1 Identification and Analysis of Options, Decisions and Purchase - Central Retention of Property Information</p> <p>All files relating to property acquisition must be stored in a central location, such as the MATS system that the AMP suggests. Access to this information should then be restricted to relevant officers only.</p> <p>Staff should be reminded that all documentation relating to property acquisitions should only be stored centrally and should not be kept within their email account.</p> <p>Consideration should be given to the introduction of a generic email address which can be used by the Estates Team to receive information relating to commercial property acquisitions so that this issue of documentation being held in individual officers' email archives can be negated.</p>	<p>Head of Major Projects and Investments – Agreed</p> <p>Audit Comment – a completion timescale of 31st January 2023 has been added so that implementation of actions can be monitored.</p>	<p>No further update received.</p>	<p>31/01/23</p>

A1 Overdue P1 Recommendations (Continued)

Recommendation (Reference & content)	Agreed Action and Comments	Follow Up Comments	Proposed Completion Date
Workspaces AW - Accommodation Review (Final Report Issued November 2022)			
<p>2.1 Roles and Responsibilities and Project Governance - Project Documentation</p> <p>Project Managers should be provided with access to all relevant documentation relating to the project that they are managing, especially when they take over management from a predecessor.</p> <p>Furthermore, the Councils should ensure that sufficient handover occurs where project managers change during delivery of a key projects, in order that corporate knowledge is retained.</p>	<p>Head of Major Projects and Investments – Accept that requested documentation was not provided.</p> <p>The Councils’ policy which states the data management and information management requirements on development projects for all project managers should be complied with.</p> <p>Audit Comment – The issue of central retention of project documentation was raised in the Project Management Final report issued In June 2021 and a priority 1 recommendation raised. This is being addressed by revision to the Project Management Framework (PMF) that will require Project Managers need to allow access for stakeholders to access project information and this should be achieved by creating a shared google document.</p> <p>Heads of Service should ensure that this requirement is communicated to all project managers and compliance confirmed.</p> <p>An implementation timescale has been added in order that assessment of whether project documentation is being managed in accordance with the PMF is being achieved.</p>	<p>No further update received.</p>	<p>31/01/23</p>

A1 Overdue P1 Recommendations (Continued)

Recommendation (Reference & content)	Agreed Action and Comments	Follow Up Comments	Proposed Completion Date
Disaster Recovery (Final Report Issued November 2022)			
<p>2.1 Linkage to Business Continuity Planning</p> <p>1. For critical high-risk services, a report showing the supporting IT applications and IT services should be extracted from the MATS BIA data and provided to IT that also shows the related recovery time objective to the overall service.</p> <p>2. Upon annual review of the BIA, business unit managers should be informed that the IT recovery arrangements are assumed to rely on overnight backups and therefore up to 24 hours data could be lost following an incident. If this is not deemed acceptable, they should be encouraged to liaise with IT to discuss their requirements.</p> <p>3. The Incident Management Plan should be updated to reflect changes to the delivery of IT services since the CenSus partnership was terminated.</p> <p>4. Residual business units yet to complete a business impact assessment should do so within the next three months.</p> <p>5. The Safety and Resilience Manager and IT should meet regularly to review the status of disaster recovery arrangements. The meeting should cover;</p> <ul style="list-style-type: none"> • Business continuity requirements; • Adequacy of measures to avoid a disaster; • Adequacy of disaster recovery arrangements; and • Testing of disaster 	<ol style="list-style-type: none"> 1. The Critical Services list of the Incident Management Plan will be reviewed ahead of submitting it to the council leadership team for ratification, and from this, the supporting critical IT applications will be prioritised. 2. Agreed. Information about the use of backups and the potential loss of data will be included in the above paper to the council leadership team. 3. Agreed. 4. This historical reference is no longer relevant and will be removed at the next review. 5. Agreed – a regular meeting will be arranged quarterly. 	<p>We have reviewed the evidence that has been uploaded for this recommendation, and whilst it provides some clarity on progress towards completion, there are a number of aspects of the recommendation that do not appear to have been addressed.</p>	<p>30/11/2023</p>

A1 Overdue P1 Recommendations (Continued)

Recommendation (Reference & content)	Agreed Action and Comments	Follow Up Comments	Proposed Completion Date
Information Governance (Final Report Issued April 2023)			
<p>2.2 All out-of-date policies and procedures for IG should be reviewed and updated where necessary, in particular those that have not been reviewed since May 2018 (when GDPR came into force).</p> <p>Consideration should be given to opportunities where policies and procedures could be streamlined, i.e. combined for example.</p> <p>In future, all policies and procedures should be reviewed annually.</p> <p>Given the number of policies, procedures and guidance, it may be helpful to maintain a review list to ensure that all are kept up to date.</p>	Agreed	No update received.	30/11/23

A1 Overdue P1 Recommendations (Continued)

Recommendation (Reference & content)	Agreed Action and Comments	Follow Up Comments	Proposed Completion Date
Commercial Waste (Final Report Issued September 2023)			
<p>2.7 Responsibility for debt management should be assigned to a member of CWT.</p> <p>This officer should then ensure high priority is given to recovering all overdue debts.</p> <p>Monthly reconciliations of the customer account on MATs and Tech 1 should be carried out, and a senior officer should sign off the reconciliation report.</p> <p>The CWT should liaise with the Finance Team on an effective and accurate way to generate debtors' reports from Tech 1 and the level of outstanding debt should be reported to senior management.</p>	<p>Debt management responsibility sits with the CWT Leader. We ceased debt recovery operations during the April 2022 strike as we were unable to provide a reliable service.</p> <p>Since September 2022 debt recovery has been a service priority and significant progress has been made both with commercial and garden waste customers. This has already significantly reduced the risk profile. A new robust process is in place for garden waste, the process for commercial waste is being finalised.</p> <p>Customer service suspension, which can be implemented due to non-payment, is now invoked sooner when required. This has helped reduce potential matters of customer debt. The CWT will liaise with Finance moving forward to discuss how reconciliations between Mats and T1 could be implemented.</p>	<p>No update received.</p>	<p>30/09/23</p>

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Statement of Responsibility

We take responsibility to Adur & Worthing Councils for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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