



Adur & Worthing Councils

Internal Audit Strategy and Operational Plan 2024/25

Joint Audit and Governance Committee

Prepared by: Mazars LLP

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Statement of Responsibility

This report ("Report") was prepared by Mazars LLP at the request of the Adur & 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 & 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 on the final page of this report for further information about responsibilities, limitations and confidentiality.

Scope and Purpose of Internal Audit

This report establishes the Internal Audit Strategy (Strategy) and proposed Operational Plan (Plan) for 2024/25, which details how the Council will meet its statutory requirements for Internal Audit.

IA's Role

The fundamental role of Internal Audit is to provide senior management and Members with independent assurance on the adequacy, effectiveness, and efficiency of the system of internal control and report major weaknesses together with recommendations for improvement. The role is fulfilled by carrying out appropriate audit work following the Annual Plan as approved by the Council's S151 Officer and the Joint Audit and Governance Committee.

IA Plan

Completion of the internal audits in the Plan 2024/25 should be used to help inform the Councils Annual Governance Statement within its audited financial statements.

Objective

Within the Councils, Management has responsibility for maintaining a sound system of internal control. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Internal Audit also has an independent and objective consultancy role to help line managers improve risk management, governance and control.

The Council's Internal Audit Service is delivered following a regulatory framework comprising:

- The Local Government Finance Act 1972,
- The Accounts and Audit Regulations 2015; and
- The UK Public Sector Internal Auditing Standards (PSIAS).





Internal Audit Strategy

This Strategy recognises that it is management's responsibility to establish and maintain a sound internal control system and ensure that risks are appropriately managed. Internal audit work aims to establish areas requiring improvement and recommend solutions to enable the Councils to achieve its objectives.

The Strategy and planning process reflects that the control environment constantly changes, requiring continuous review and re-evaluation to ensure that emerging risks are identified, assessed, and included as appropriate in the audit plan. Specifically, recognising the unprecedented challenges facing Public Sector finances, the strategy must have in built flexibility to consider:

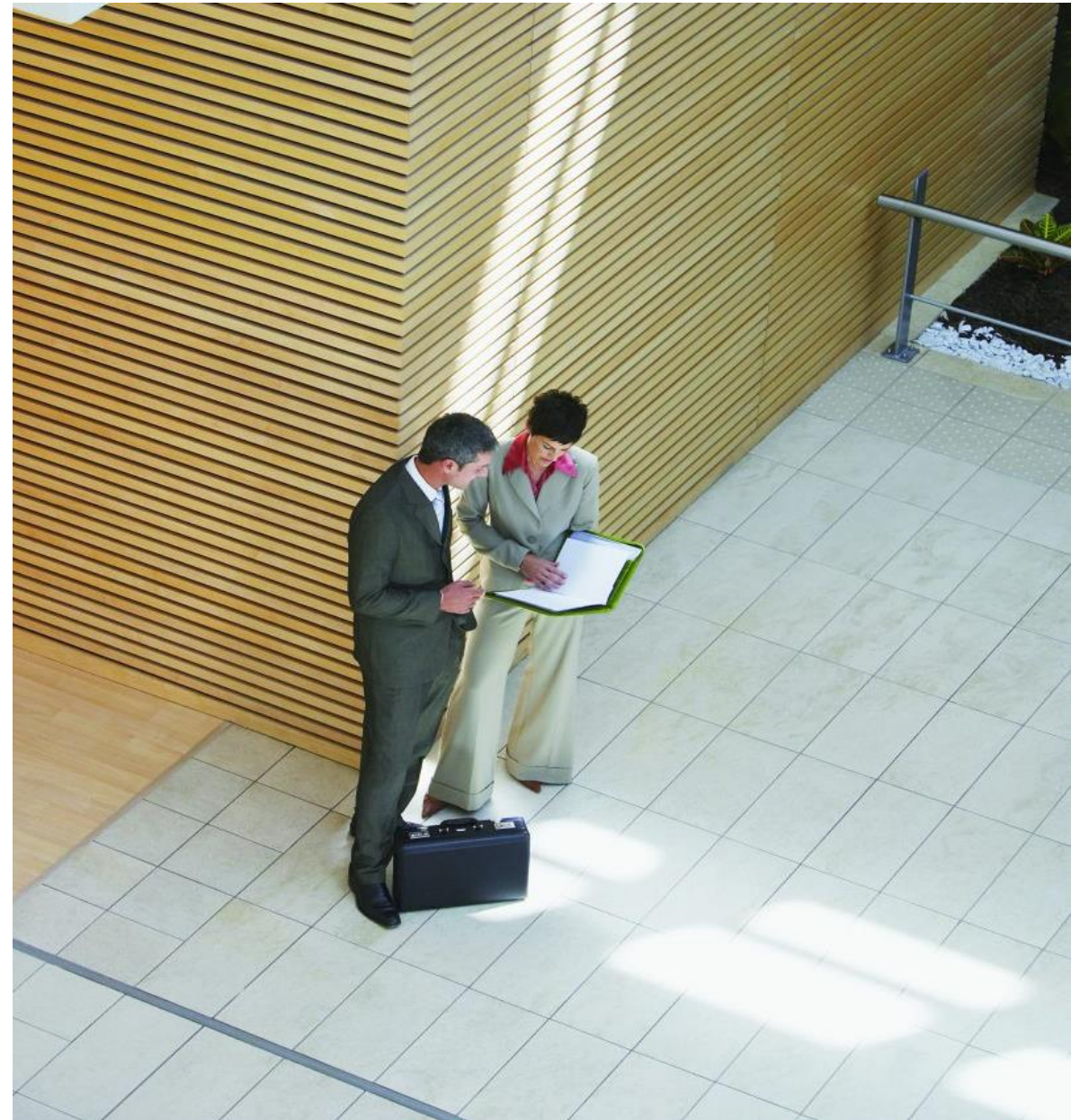
- Greatest risks to the achievement of the Council's objectives;
- New areas of activity;
- Issues of local significance and importance;
- Changing issues and priorities;
- Changes to models for service delivery and partnership working; and
- The impact of changes on existing control structures.

The purpose of the Strategy is to establish an approach that will enable internal audit to be responsive to change and managed in a way that will facilitate:

- An understanding of assurance needs to enable the provision to Members and management of an overall opinion each year on the Council's risk management, control and governance framework, to support the Annual Governance Statement within the audited financial statements;
- Internal Audit of the Council's risk management, control and governance systems through an approach which assesses risks to Council objectives and prioritises internal audits accordingly;

Internal Audit Strategy (continued)

- The identification of internal audit resources required to deliver a service which meets the PSIAS and achieves the necessary level of audit coverage to enable an opinion to be given on the Council's control environment;
- The identification of other sources of assurance from other assurance providers which can be relied upon to inform the focus of internal audit activity;
- Identification of responsibilities for providing assurance where services are delivered in partnership.
- Based on the budget available for internal audit work, the Strategy and internal audit work make provision for:
 - Sufficient coverage of all significant financial systems to provide the necessary audit assurance;
 - New systems and emerging high-risk areas;
 - Cross-cutting reviews for a selection of corporate themes which link to the Corporate Risk Register;
 - Support for corporate governance, with particular focus on governance issues identified in the Council's annual governance statement, ensuring that proposed actions are taken;
 - Monitoring the implementation of internal audit recommendations categorised as high; and
 - An element for a contingency to enable the audit service to provide ad hoc advice and to respond to management requests for support.





Development of the Operational Plan for 2024/25

The Plan was developed by applying a risk-based approach, to provide Members, management, and other external bodies with independent assurance on the adequacy of the Council's risk management, governance, and internal control framework.

The main factors considered in compiling the Plan consist of:

- Concerns and emerging risks as identified within the Corporate and Directorate Level Risk Registers by the management team including the S151 and discussions with the Councils Directors (who form part of CLT); and,
- A review of internal audit themes against the Councils Corporate and Directorate level Risks and corporate objectives;
- The results of previous internal audits;
- Other sources of assurance available to the Council;
- Mazars Horizon Scanning of issues affecting all Local Authorities (<https://www.mazars.co.uk/Home/Industries/Public-Social-Sector/Transforming-your-organisation/Horizon-Scanning>).

The total number of internal audit days allocated for 2024/25 is 412, including 35 days for IT audit and 12 days for the Head of Internal Audit role. This is a similar level of resource to the 2023/24 Plan approved in March 2023.

The list of audits to inform the proposed 2024/25 Operational Plan and is presented in the next slide.

Operational Plan 2024/25

An overview of the Operational Plan 2024/25 is set out below:

Auditable area	Corporate or Service Level Risk Register Issue (where relevant)	Notes	Audit Sponsor	Indicative Days	Q1	Q2	Q3	Q4
					(Apr-Jun)	(Jul-Sep)	(Oct-Dec)	(Jan-Mar)
Housing and Communities								
Improvement Plan Review	Adur Homes -Risk that Adur Council will fail to comply with statutory health and safety obligations as a social landlord.	Adur Homes Improvement Plan - independent review of actions included in the Adur Homes Improvement Plan reported to the regulator.	Director for Housing & Communities	15	-	-	-	15
Debt Management and Collection	Council finances -Risk that the Councils finances will continue to be under pressure.	Corporate Debt Management across both Housing and Communities. Including chasing debts and reporting according with the Policy.	Director for Housing & Communities	20	-	-	20	-
Homelessness	Overall risk of increasing demand for housing advice and homelessness applications.	Review of arrangements by which the Councils seek to ensure compliance with Homelessness Prevention Act.	Assistant Director - Homelessness & Prevention	15	-	15	-	-
Corporate Complaints	N/A	Not audited previously - Receipt, Recording and Allocation of Enquiries; Investigation; Review and Issue of Responses; Performance Management and Reporting.	Head of Resident Services	15	-	-	15	-
Place								
Land Charges	Council finances -Risk that the Councils finances will continue to be under pressure.	Given the recent changes introduced from Government - how the Councils adapted to these. Roles and responsibilities re-defined, customer feedback/surveys satisfaction measures.	Head of Planning	15	15	-	-	-
Commercial Property Estate	Failure to develop and adhere to Property management and acquisition protocols.	Focus on Local Estate - Asset Management Plan, acquisitions, disposals, determination of rents, rent collection and management reporting.	Assistant Director - Regenerative Development	15	-	15	-	-

Operational Plan 2024/25 (continued)

An overview of the Operational Plan 2024/25 is set out below:

Auditable area	Corporate or Service Level Risk Register Issue (where relevant)	Notes	Audit Sponsor	Indicative Days	Q1	Q2	Q3	Q4
					(Apr-Jun)	(Jul-Sep)	(Oct-Dec)	(Jan-Mar)
Building Control	Estates income -Risk that income is reduced, and Councils fail to meet property income targets.	Procedures and Guidance; Applications; Inspections; Fee Income; Enforcement; Dangerous Structures; Performance Monitoring and Financial Management.	Head of Planning	15	-	15	-	-
Sustainability and Resources								
Emergency Planning	Emergency response -Ability to effectively respond to emergency events.	Legislative, Organisational and Management Requirements; Training & Awareness; Liaison With External Bodies; Communication; Testing, Exercising and Review of Plans; and Monitoring and Reporting.	Director for Sustainability & Resources	15	-	15	-	-
Fol Requests	Freedom of Information requests -Risk of failure to comply with statutory response times.	Policy and Procedures; Scheme of Publication; Recording and Processing of Requests; Exemptions; Appeals, and Management Information.	Assistant Director - Legal & Democratic Services	15	-	15	-	-
Key Financial Systems	Council finances -Risk that the Councils finances will continue to be under pressure.	Ongoing testing of key financial controls (includes Revenues & Benefits systems).	Assistant Director - Finance	40	-	-	-	40
Cash Office	Council finances -Risk that the Councils finances will continue to be under pressure.	Requested by Chief Accountant - Cash Payments and Postal Cheques; Receipts from Outstations; Telephone, On-line, Pay-Point and Post Office Payments; End of Day Balancing; and Bank Reconciliations.	Assistant Director - Finance	15	15	-	-	-
Savings Achievement	Council finances -Risk that the Councils finances will continue to be under pressure.	Not previously reviewed by Internal Audit - Review of the Councils savings plan/targets and independent assessment of achievement of targets, reporting and data accuracy.	Assistant Director - Finance	15	15	-	-	-
Electoral Services	Elections and referenda - Increasing complexity and frequency.	Collection of Voter Information; Register Maintenance; Issue of Voting Cards; Governance and Procedures; Employment and Payment of Staff; Third Party Arrangements and Payments; and Reimbursement Claims.	Assistant Director - Legal & Democratic Services	15	-	-	15	-

Operational Plan 2024/25 (continued)

An overview of the Operational Plan 2024/25 is set out below:

Auditable area	Corporate or Service Level Risk Register Issue (where relevant)	Notes	Audit Sponsor	Indicative Days	Q1	Q2	Q3	Q4
					(Apr-Jun)	(Jul-Sep)	(Oct-Dec)	(Jan-Mar)
Treasury Management	Council finances -Risk that the Councils finances will continue to be under pressure.	Not subject to review since 2018 - Review of activity against the Councils' Treasury Management Strategy.	Assistant Director - Finance	15	-	-	15	-
Environmental Health - Licensing	Adoption of the Environment Act -Additional duties being proposed for Local Authorities.	Review of the Councils arrangements for licensing of premises.	Assistant Director - Operations and Sustainability	20	-	-	-	20
Capital Programme	Council finances -Risk that the Councils finances will continue to be under pressure.	Not subject to recent review by Interna Audit - Governance Arrangements; Development of the Programme; Project Monitoring; Alterations; Income; and Financial and Performance Management Reporting.	Assistant Director - Finance	15	-	-	-	15
IT Audits								
IT - Audit Needs Assessment *	Cyber Security Breach.	Deferred from 2023/24 - Head of Service request. to conduct an IT Audit Needs Assessment to identify key risks and priorities for IT coverage.	Head of Technology and Design	15	15	-	-	-
IT - Housing System - accuracy of data (Rent accounts) *	Orchard Housing system - Ongoing issues with communications with Academy and other systems.	IT related review on data integrity and accuracy feeding from interface systems to Orchard.	Director for Housing & Communities	20	-	20	-	-
Programme/Project and Contract Audits								
Project Assurance - Worthing Integrated Care Centre and Union Place Joint Venture) **	Major Project delivery -Failure of major schemes to be delivered.	Review of the approach to major projects in the context of organisational redesign. Include lessons learned, insights gained and reflect on capacity and capability.	Director for Place	20	-	-	20	-

* To be undertaken by specialist Technology & Digital team.

** To be undertaken by specialist programme and project auditors.

Operational Plan 2024/25 (continued)

An overview of the Operational Plan 2024/25 is set out below:

Auditable area	Corporate or Service Level Risk Register Issue (where relevant)	Notes	Audit Sponsor	Indicative Days	Q1	Q2	Q3	Q4
					(Apr-Jun)	(Jul-Sep)	(Oct-Dec)	(Jan-Mar)
Other								
NFI Testing	-	Continuing testing of NFI matches.	-	30	-	-	5	25
Follow Ups	-	Follow up of prior year recommendations.	-	20	5	5	5	5
Management	-	Ongoing contract management.	-	20	5	5	5	5
HoIA	-	Ongoing contract management.	-	12	3	3	3	3
Totals				412	73	108	103	128

A1 Audit Universe

Audit coverage in prior years since 2020/21 and corresponding assurance to inform discussions on the Operational Plan for 2024/25

Audit Title	2020/21	2021/22	2022/23	2023/24	2024/25
IT Applications Development			Moderate		
Accounts Receivable				TBC	
Adur Leisure Contract Management			Moderate		
Adur Promotions Service	Limited				
Allocation of Costs and Funding for Town Centre/Public Realm Improvements		Moderate			
Anti-Social Behaviour		Moderate			
IT Audit Needs Assessment				Deferred	✓
BEIS Grants – Post Assurance Payment Plan			N/A – Advisory		
BEIS Post Payment Assurance		N/A – Advisory			
Bereavement Services				TBC	
Budget Monitoring	Full				
Building Control	Moderate				✓
Capital Programme		Limited			✓

A1 Audit Universe (continued)

Audit coverage in prior years since 2020/21 and corresponding assurance to inform discussions on the Operational Plan for 2024/25

Audit Title	2020/21	2021/22	2022/23	2023/24	2024/25
Carbon Reduction Programme				TBC	
Cash Collection		Moderate			✓
Civica/Connect HR System				TBC	
Cloud Management		Moderate			
Commercial Waste			Limited		
Community Grants	Moderate				
Community Infrastructure Levy			Moderate		
Compliance & Enforcement Grant		N/A - Advisory			
Corporate Governance		Moderate			
Covid-19 Governance	Moderate				
Creditors			Limited		✓*
Debt Management		Limited			✓
Disabled Facilities Grants (DFG)	N/A – Advisory			Limited	

* Coverage in the Key Financial Systems work

A1 Audit Universe (continued)

Audit coverage in prior years since 2020/21 and corresponding assurance to inform discussions on the Operational Plan for 2024/25

Audit Title	2020/21	2021/22	2022/23	2023/24	2024/25
IT Disaster Recovery	Limited				
Discretionary Housing Payments (Cost of Living Response)				Limited	
Economic Development – Small Business and Apprenticeships Grants			Moderate		
Elections & Referendums	Moderate				✓
Energy Supplier - Procurement & Contract Management				Moderate	
Env. Services - Review of Procurement arrangements	Moderate				
Environmental Services - Stores	Moderate				
Equalities Act Compliance		Limited			
Events - Processing and Management				Moderate	
Fire Doors – Contract Management			Moderate		
Fire Safety – Commercial Provision			Moderate		
Follow up on Housing Recommendations				TBC	
Food Depot	Moderate				

A1 Audit Universe (continued)

Audit coverage in prior years since 2020/21 and corresponding assurance to inform discussions on the Operational Plan for 2024/25

Audit Title	2020/21	2021/22	2022/23	2023/24	2024/25
GDPR Compliance	Limited				
General Compliance		Moderate			
Governance of Property Disposals			Moderate		
Governance of Property Purchases		Moderate			
Health & Safety (Corporate Buildings)				Moderate	
Housing – Contracts Fact Find	N/A – Advisory				
Housing Complaints			Limited		
Incident & Problem Management	Moderate				
Information Governance			Limited		
Invoicing of Housing Services - EATA				TBC	
IT Device Management		Limited	Moderate		
IT Policies (Advisory Review)				N/A – Advisory	
Key Controls Compliance	N/A – Advisory	N/A – Advisory	N/A – Advisory	N/A – Advisory	✓

A1 Audit Universe (continued)

Audit coverage in prior years since 2020/21 and corresponding assurance to inform discussions on the Operational Plan for 2024/25

Audit Title	2020/21	2021/22	2022/23	2023/24	2024/25
Leaseholder Charges	Moderate				
Legal Services				Moderate	
Markets			Moderate		
Member Expenses				TBC	
Out of Hours Service		Moderate			
Payroll		Moderate			✓*
Planned Maintenance Programme				Limited	
Planning Policy		Moderate			
Procurement Cards		Limited			
Project Management	Limited				✓
Recruitment & Selection			Moderate		
Regulatory Compliance – Fire Safety		Moderate			
Rent Collection and Recovery	Moderate				

* Coverage in the Key Financial Systems work

A1 Audit Universe (continued)

Audit coverage in prior years since 2020/21 and corresponding assurance to inform discussions on the Operational Plan for 2024/25

Audit Title	2020/21	2021/22	2022/23	2023/24	2024/25
Revenues & Benefits - Additional Discounts	Moderate				
Risk Assessments		Moderate			
Risk Management	Moderate	Moderate	Moderate		
Safeguarding (Children and Adults)				Limited	
Safety of Commercially Leased Buildings			Limited		
Self-isolation Grants			Full		
Staff Wellbeing		Moderate			
Street Naming & Numbering		Moderate			
Supply of Affordable Housing				Moderate	
Workforce Planning				TBC	
Workspaces AW - Accommodation Review		Limited			

We take responsibility to Adur & Worthing Councils for this report, which is prepared based on 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.

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