



Adur & Worthing Councils

Joint Audit & Governance Committee – May 2024

Internal Audit Progress Report

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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.

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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 March 2024 and includes:

- An update on progress in delivering the 2023/24 Plan, including deferrals to the 2024/25 Plan;
- An update in progress in planning / delivering audits from the 2024/25 Plan thus far (this is set out in Section 04); and
- A summary of audit reports issued, and high priority recommendations raised.

As requested at the March 2024 Committee, we have included in Section 05 a summary of joint actions taken/ongoing in discussion with management to improve delivery.

Internal Audit Progress 2023/24

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.

The audits in the Plan comprised a mixture of key financial systems, service-specific (operational and financial), corporate-wide, and IT reviews. So far, three audits (Carbon Reduction Programme, IT Audit Needs Assessment, and Invoicing of Housing Services - EATA) had been deferred to the 2024/25, as agreed with the Assistant Director of Finance. Three audits from the 2022/23 year's plan have been completed in 2023/24.

Delays, principally due to availability/capacity of Council staff have resulted in there being nine outstanding delays (one of which is not an assurance audit) as of 16 May 2023. Three of those audits have had draft reports issued, three are under review, and two are still in the fieldwork stage. We are aiming for conclusion / completion of these audits before the July 2024 ARC.

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

2023/24 Audit Status	Number of reviews (including three completed from the 2022/23 Plan)		(May) Percentage %
	March 2024	May 2024	
Finalised/complete	6 (+3 from 22/23)	9 (+3 from 22/23)	52%
Draft report	4	3	13%
Under Review	-	3	13%
Fieldwork Underway / Pending	9	2	9%
Deferred to 2024/25 Plan	1	3	13%
Total	23	23	100%



02 Reports Issued Since Last Committee

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 of definition levels are set out at Section 06 of this report.

Three final reports from the 2023/24 Plan were issued in this reporting period.

One draft report was issued in this period (Members Expenses).

Two draft reports were returned with management responses, which we have since responded to, and have not yet been resolved in order to finalise (Energy Supplier – Procurement and Contract Management, and Supply of Affordable Housing)

There are two reports issued as drafts waiting for management responses relevant to the 2022/23 (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. No response has been received on either of these areas at the time of drafting this report.

Internal Audit Title (Finalised)	Assurance Level	Plan Year
Discretionary Housing Payments	Limited	2023/24
Planned Maintenance Programme	Moderate	2023/24
Bereavement Services	Limited	2023/24



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	Moderate	-	1	1	2
Planned Maintenance Programme	Final	25/09/2023	Limited	-	6	2	8
Legal Services	Final	20/07/2023	Moderate	-	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)	Final	20/12/2023	Limited	-	2	5	7
Energy Supplier - Procurement & Contract Management	Draft Report	02/02/2024	Moderate	-	1	3	4
Health & Safety (Corporate Buildings)	Final	21/12/2023	Moderate	-	3	1	4
Events - Processing and Management	Final	05/02/2024	Moderate	-	-	3	3
Bereavement Services	Final	23/02/2024	Limited	-	6	3	9
IT Policies (Advisory Review)	Final	20/12/2023	N/A - Advisory	-	3	3	6
Workforce Planning	Under Review	01/05/2024	Limited	1	3	1	5
Invoicing of Housing Services - EATA	Deferred to 2024/25	-	-	-	-	-	-
Key Financial Systems	Fieldwork	-	-	-	-	-	-
Member Expenses	Draft Report	23/04/2024	Moderate	-	2	4	6
Civica/Connect HR system	Under Review	29/04/2024	Limited	2	5	2	9
Follow up on Housing Recommendations	Fieldwork	-	-	-	-	-	-
Accounts Receivable	Under Review	02/05/2024	-	-	-	-	-
Carbon Reduction Programme	Deferred to 2024/25	-	-	-	-	-	-
IT Audit Needs Assessment	Deferred to 2024/25	-	-	-	-	-	-
Totals			Totals	1	49	31	83



04 Overview of Internal Audit Plan 2024/25

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

Review	Status	Start Date	End date	P1	P2	P3	Total
Savings Achievement	Fieldwork Underway	07/05/2024	20/05/2024	-	-	-	-
Land Charges	Planning	28/05/2024	12/06/2024	-	-	-	-
Cash Office	Planning	31/05/2024	14/06/2024	-	-	-	-
Commercial Property Estate	Planning	20/06/2024	05/07/2024	-	-	-	-
Homelessness	Planning	15/07/2024	31/07/2024	-	-	-	-
Building Control	Planning	29/07/2024	03/08/2024	-	-	-	-
Fol Requests	Planning	29/08/2024	13/09/2024	-	-	-	-
Emergency Planning	Planning	02/09/2024	17/09/2024	-	-	-	-
Project Assurance - Worthing Integrated Care Centre and Union Place Joint Venture)	Planning	07/10/2024	18/10/2024	-	-	-	-
Corporate Complaints	Planning	21/10/2024	05/11/2024	-	-	-	-
Electoral Services	Planning	24/10/2024	08/11/2024	-	-	-	-
Debt Management and Collection	Planning	28/10/2024	18/11/2024	-	-	-	-
Invoicing of Housing services - EATA	Planning	04/11/2024	13/11/2024	-	-	-	-
Treasury Management	Planning	04/11/2024	19/11/2024	-	-	-	-
Key Financial Systems	Planning	13/01/2025	21/02/2025	-	-	-	-
Capital Programme	Planning	20/01/2025	04/02/2025	-	-	-	-
Environmental Health - Licensing	Planning	23/01/2025	14/02/2025	-	-	-	-
Improvement Plan Review	Planning	29/01/2025	20/02/2025	-	-	-	-
Carbon Reduction Programme	Planning	None as yet	None as yet	-	-	-	-
NFI Testing	Planning	None as yet	None as yet	-	-	-	-
IT - Audit Needs Assessment *	Planning	None as yet	None as yet	-	-	-	-
IT - Housing System - accuracy of data (Rent accounts) *	Planning	None as yet	None as yet	-	-	-	-



05 Improvement Actions

Following the request/agreed action at the Committee in March 2024 we have presented a summary of issues affecting delivery from the 2023/24 Plan, and ongoing actions to resolve these / apply learnings within the 2024/25 Plan.

The 2023/24 delivery has been impacted by limited notice requirements to defer or delay audit work from the Councils, and/or failure to receive required documentation within the fieldwork windows. Staff capacity and other priorities have been the key theme behind these. In some cases this has led to work being deferred.

Actions / Improvement Activity:

- Regular meetings (at least monthly) have continued between the Mazars Engagement Lead and the Councils Assistant Director for Finance. (With additional interim meetings and communication in between where required).
- Escalation and reminders over outstanding requirements to complete audits. For 23/24 work outstanding, we are setting final deadlines for the end of May, which has been discussed with the AD Finance and are being communicated to audit contacts, beyond which we will look to close fieldwork and provide reports on the basis of information received, and reflecting in findings and gaps as limitations to the assurance we are able to provide.
- Provisional timeframes for all audits on the 2024/25 plan have been set (summarised in Section 04 for this report). We are in the process of contacting all audit sponsors/key contacts to notify them of these and confirm these dates. As part of this, we are also highlighting audit approach, expected requirements to support audit fieldwork, and to address any early queries or concerns they may have.
- Review of legacy Follow-Up items to streamline approach to 2024/25 Follow-Up. To combine with wider review of approach to remind staff of requirements to provide updates over outstanding recommendations, and implement clear approach/outcome for updates not received.

The above actions are ongoing, and will be discussed as part of our meetings.



06 Definitions of Assurance and Recommendations

Definitions of Assurance Levels	
Assurance Level	Definition
Substantial	The framework of governance, risk management and control is adequate and effective.
Moderate	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
Limited	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.
Unsatisfactory	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.
Recommendation Priority	Definition
Priority 1 (High)	Recommendations represent fundamental control weaknesses, which expose the organisation to a high degree of unnecessary risk.
Priority 2 (Medium)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.
Priority 3 (Low)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.
Assurance Level	Definition
Substantial	The framework of governance, risk management and control are adequate and effective.
Moderate	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
Limited	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.
Unsatisfactory	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

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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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