



ADUR & WORTHING COUNCILS

Joint Governance Committee

28 May 2020

Agenda Item 6

Key Decision: No

Ward(s) Affected: N/A

INTERNAL AUDIT PROGRESS REPORT

REPORT BY THE ACTING HEAD OF INTERNAL AUDIT

Executive Summary

1. Purpose

This report seeks to update Members of this Committee with:

- 1.1 The current performance of the Internal Audit Section.
- 1.2 Summary information on the key issues raised in final audit reports issued since our last report to the Committee.
- 1.3 The current status on the implementation of agreed audit recommendations.
- 1.4 An update on Priority 1 recommendations outstanding past their agreed implementation date.
- 1.5 Fraud work conducted by the Councils' Corporate Investigations Team.
- 1.6 This report also provides the Members of this Committee with the Head of Internal Audit's opinion reports on the system of internal control at Adur District Council and Worthing Borough Council during 2019/20.

2. Recommendations

2.1 Recommendation One

That the Committee note the contents of this report.

3. Context

3.1 Background

Each quarter, a report is produced for this Committee which details the Internal Audit Section's performance against the current Annual Internal Audit Plan and summarises the results of audit work carried out.

Each year a Head of Internal Audit (HoIA) Report is generated to meet the Head of Internal Audit annual reporting requirements set out in the UK Public Sector Internal Audit Standards (PSIAS) and the Accounts and Audit Regulations. The HoIA Report is an opinion statement provided for the use of the Councils in support of their Annual Governance Statements.

4. Issues for Consideration

4.1 Covid-19

While the Internal Audit function has continued to operate since the Covid-19 lockdown on 23 March 2020, progress on audits which were “in progress” or planned to start in March when the Covid-19 crisis emerged, has been delayed. The progression of audit work has been impacted by audit resources working at home and the availability of auditees due to their understandable involvement in front line and other key service work. We have also noted that progress on follow-up work has been impacted.

Progress has been discussed with the Chief Finance Officer (CFO) and as a result some changes to the 2019/20 Audit Plan have been agreed and the proposed 2020/21, which was reported to the Committee back on 24 March 2020, has been revised. It is our intention to resume the “in progress” audits this month (May 2020) and to start work on 2020/21 audits from July, when it is hoped new working arrangements following the relaxation of lockdown measures will be in place.

4.2 Internal Audit Performance - 2019/20

The 2019/20 Annual Internal Audit Plan presented to the Joint Governance Committee on 26 March 2019 contained 510 days and 35 items of audit work to be undertaken by the Internal Audit Service during the year.

Since approval, the audit plan has been revised to accommodate requests to move audits to different parts of the year and to take account of changes in requirements. The current plan is summarised as:

Period	Audits planned	No of days planned	% of days planned
Quarter 1 (April – June)	2	42.5	9.4%
Quarter 2 (July – September)	9	104.5	23.1%
Quarter 3 (October – December)	9	135.5	29.9%
Quarter 4 (January – March)	12	170.5	37.6%
	32	453	100%

As at 30 April 2020, 370.33 (75.9%) of the planned days had been delivered. Attached as **Appendix 1** is a summary of the current status of audits in the plan.

4.3 **Final Audit Reports**

Recommendations made in audit reports are categorised according to the level of priority as follows:

Priority 1	Major issues for the attention of senior management.
Priority 2	Other recommendations for local management action.
Priority 3	Minor matters.

Internal Audit's assurance opinions accord with an assessment of the controls in place and the level of compliance with these controls. During the course of an audit, a large number of controls will be examined for adequacy and compliance. The assurance level given is the best indicator of the system's control adequacy. The assurance levels and their associated explanations are:

Full Assurance	There is a sound system of control designed to achieve the system objectives and the controls are being consistently applied.
Satisfactory Assurance	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 Assurance	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.

A summary of the final reports issued since our last report to this Committee, including the key issues raised, is attached as **Appendix 2**.

Since our report to the Committee in March 2020, three reports have been finalised. Two were given a Satisfactory Assurance opinion and one was given a Limited Assurance opinion (Compliance with the DPA 2018 & GDPR). Three P1 recommendations were raised within these reports, (all being within the limited assurance audit).

Details of the Priority 1 and Priority 2 recommendations raised within these reports have been circulated to Members prior to the meeting in a separate briefing note.

4.4 **Follow up of Audit Recommendations**

In accordance with the Council's Follow-Up Protocol, we have continued following-up the status of implementation of recommendations contained in final audit reports.

Follow-up is undertaken to ensure that all recommendations raised have been successfully implemented according to the action plans agreed with the service

managers. The Follow-up Protocol requires implementation of 80% of all priority 2 and 3 recommendations and 100% of priority 1 recommendations.

The current performance in relation to these targets for the last three years is shown in the tables below:

Status of recommendations 2017/18

	Total Due	Imp	%	Carried Over (Not Impl'd)	%	Overdue	%	Overdue & No Response	%	Total % NOT Impl'd	Not Due	Total
P1	37	30	81.1%	0	0%	7	18.9%	0	0%	18.9%	0	37
P2	84	56	66.7%	6	7.1%	19	22.6%	3	3.6%	33.3%	2	86
P3	25	21	84%	2	8%	1	4%	1	4%	16%	2	27
Other	1	0	0%	0	0%	1	100%	0	0%	100%	0	1
Total	147	107	72.8%	8	5.4%	28	19.1%	4	2.7%	27.2%	4	151

Status of recommendations 2018/19

	Total Due	Imp	%	Carried Over (Not Impl'd)	%	Overdue	%	Overdue & No Response	%	Total % NOT Impl'd	Not Due	Total
P1	14	8	57.1%	0	0%	1	7.2%	5	35.7%	42.9%	4	18
P2	90	67	74.4%	0	0%	12	13.3%	11	12.3%	25.6%	20	110
P3	34	30	88.2%	0	0%	4	11.8%	0	0%	11.8%	5	39
Total	138	105	76.1%	0	0%	17	12.3%	16	11.6%	23.9%	29	167

Status of recommendations 2019/20

	Total Due	Imp	%	Carried Over (Not Impl'd)	%	Overdue	%	Overdue & No Response	%	Total % NOT Impl'd	FU Not Due	Total
P1	0	0	0%	0	0%	0	0%	0	0%	0%	5	5
P2	34	8	23.5%	0	0%	2	5.9%	24	70.6%	76.5%	8	42
P3	5	3	60%	0	0%	0	0%	2	40%	40%	3	8

Total	39	11	28.2%	0	0%	2	5.1%	26	66.7%	71.8%	16	55
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Attached as **Appendices 3, 4 & 5**, are tables which summarise the current follow-up status of recommendations made in final audit reports from audits contained in the 2017/18, 2018/19 and 2019/20 Audit Plans. The shaded boxes indicate where changes have occurred since our last report.

We are also continuing to follow up on 11 recommendations (all Priority 2) which remain outstanding from audits contained in the 2016/17 Audit Plan.

As requested at the Committee's meeting on 22 January 2019 we have highlighted in **Appendix 6** those Priority 1 recommendations which remain outstanding after the agreed implementation dates.

It should be noted that, following the Committee meeting in January 2020, officers responsible for implementing the outstanding Priority 1 recommendations were written to informing them that the Committee were actively monitoring the implementation of these recommendations and that, where sufficient actions were not being taken in a timely action, officers may be requested to attend the next Committee meeting. This helped improve the engagement of officers in the follow up process.

There are 13 outstanding Priority 1 recommendations detailed within this report compared to 14 within the report to the Committee on 24 March 2020.

4.5 **Fraud**

We periodically provide an update/summary of fraud work conducted within the Councils. Attached as **Appendix 7** is an update on the work completed by the Councils' Corporate Investigations Team during 2019/20.

4.6 **Head of Internal Audit's Opinions – 2019/20**

From the Internal Audit work undertaken in 2019/20, it is our opinion that we can provide **Satisfactory Assurance** that the system of internal control in place at both Adur District Council and Worthing Borough Council for the year ended 31 March 2020 accords with proper practice. We did, however note the following significant control issue, which relates to Adur District Council only:

- Further control issues identified from audits conducted in Housing (including procurement and contract management issues) - Adur District Council only.

Attached as **Appendices 7 and 8** are the Head of Internal Audit's Annual reports for Adur District Council and Worthing Borough Council for the year 2018/19. The detailed summary of the 2019/20 audits summarised in the HoIA reports is included in **Appendix 1**.

5. **Engagement and Communication**

- 5.1 Internal Audit attends monthly meetings with the Chief Financial Officer (CFO) on progress against the plan. Issues arising and potential plan changes are discussed both at these meetings and whenever necessary. The Acting Head of Internal Audit, Engagement Manager and the CFO have had specific discussions recently

in relation to the Covid-19 situation and impact on Internal Audit work. From this a revised plan has been developed which is included for consideration by the Committee within this meeting's agenda.

6 Financial Implications

6.1 There are no financial implications arising from this report.

7. Legal Implications

7.1 There are no legal matters arising as a result of this report.

Background Papers

None

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Sustainability & Risk Assessment

1. Economic

Matter considered and no issues identified.

2. Social

2.1 Social Value

Matter considered and no issues identified.

2.2 Equality Issues

Matter considered and no issues identified.

2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified.

2.4 Human Rights Issues

Matter considered and no issues identified.

3. Environmental

Matter considered and no issues identified.

4. Governance

The report does not seek to meet any particular Council priority.

	Project	Field Work complete	Draft issued	Final issued	Assurance level	1	2	3	Total	P1 issues
1	HR Data Input & accuracy	Y	Y	Y	Limited	2	8	1	11	Integration of data from HR to payroll system & data validation
1	Decision Making	Y	Y	Y	Satisfactory	0	2	0	2	No P1 recs
2	Rent in Advance	Y	Y	Y	Limited	1	10	1	12	Review of privacy notices and consents for DPA compliance
2	VAT Arrangements	Y	Y	Y	Satisfactory	0	0	1	1	No P1 recs
2	Housing Allocations	Y	Y	Y	Satisfactory	0	3	1	4	No P1 recs
2	Budget Development	Y	Y	Y	Satisfactory	0	1	0	1	No P1 recs
2	Management of Call Centre volumes	Y	Y	Y	Satisfactory	0	2	0	2	No P1 recs
2	Corporate Governance	Y	Y	Y	Satisfactory	0	0	2	2	No P1 recs
2	Building Maintenance Compliance (non Housing)	Y	Y							
2	Account Security	Y	Y							
2	Planning Enforcement	Y	Y	Y	Limited	0	8	1	9	No P1 recs
3	Revenues & Benefits	Y	Y	Y	Satisfactory	0	0	1	1	No P1 recs
3	Councils preparedness for EU exit	Y	Y	Y	Satisfactory	0	0	1	1	No P1 recs
3	Management of Community Buildings	Y	Y							
3	Apprenticeships	Y	Y	Y	Satisfactory	0	5	0	5	No P1 recs
3	Regulatory Compliance (Housing)	Y	Y							
3	Homeless Reduction Act compliance	Y	Y							
3	Cashiering	Y	Y	Y	Satisfactory	0	1	0	1	No P1 recs
3	Land Charges	Y	UR							
4	Asbestos Management (non Housing)	Y	Y							
4	GDPR Compliance	Y	Y	Y	Limited	3	3	0	6	Populating RoPAs, privacy notices within application forms & automatic deletion of data in line with retention policy
4	Management of Major Projects	P								
4	Management of the Commercial Property Portfolio	P								
4	Tenancy Management	POST								
4	General Ledger	WIP								
4	Exchequer (Creditors & Debtors)	WIP								
4	Risk Management	Y	Y	Y	Satisfactory	0	4	0	4	No P1 recs
4	Business Continuity	POST								
4	Contract audit - Concrete Repairs - Grafton Car Park	WIP								
4	Procurement & Contract Management Housing	WIP								
4	Management of Capital Programme	WIP								
4	Network Architecture and Resilience	WIP								

KEY

WIP - Work in Progress

UR - Work under review

P - Work in planning stage

POST - audit due to commence in March but postponed due to Covid-19 outbreak

Key issues from finalised audits**Appendix 2**

Audit Title (Year)	Assurance Level & Number of Issues	Summary of key issues raised
Apprenticeships (19/20)	Satisfactory (Five Priority 2 recommendations)	No Priority 1 recommendations raised.
Risk Management (19/20)	Satisfactory (Four Priority 2 recommendations)	No Priority 1 recommendations raised.
Compliance with the Data Protection Act (2018) & General Data Protection Regulations (GDPR)	Limited (Three Priority 1 and three Priority 2 recommendations)	The Priority 1 recommendation raised were in respect of: <ul style="list-style-type: none">- The need for GDPR/Data Protection (DP) Leads to maintain and link their Registers of Processing Activities (RoPAs) to the central catalogue of RoPAs;- The need to GDPR/DP Leads to ensure that application forms used by their service areas refer to the relevant privacy notice and the DPA 2018; and- Service areas taking continued action to ensure that expired data is identified and deleted automatically.

	Joint Audit	Final Report Date	Assurance level	Recs not applicable for follow up	Total No of Recs	Number of agreed recs completed	1	2	3	Other	Percentage of recs completed	Recs carried over into next audit	%of recs carried over	Number of recs outstanding	1	2	3	Other	Percentage of recs outstanding	Key auditees	Comments
Director for Communities																					
Housing																					
Rent Collection and Collection of Arrears	ADC	Jan-18	Satisfactory		2	1	0	1	0	0	50%			1	0	0	1	0	50%	P Turner	Update provided confirmed recs is in progress & Capita have been engaged to undertake the work - deadline revised to 31/3/20 - no update yet Update provided on 3/4/20 confirmed work is still being undertaken on outstanding recs - Further update on P1 recs provided - deadlines revised
Leaseholder Charges	ADC	Mar-18	No		39	19	8	8	3	0	49%			20	7	13	0	0	51%	N Freeman	
Gas Safety Inspections	ADC	Jul-18	Limited	4	16	12	3	9	0	0	75%			4	0	4	0	0	25%	C Barber	
Housing Repairs	ADC	Feb-19	Limited	13	2	2	0	2	0	0	100%										
Handyman Service	*	Jan-18	Limited	10	1	1	1	0	0	0	100%										
Wellbeing																					
Contract Management audit - Voluntary & Community contract	*	Feb-18	Satisfactory	1	1	1	0	1	0	0	100%										COMPLETE
Director of Digital & Resources																					
Finance																					
Budget Management	*	Dec-17	Satisfactory	1	1	1	0	1	0	0	100%										S Gobey
General Ledger	*	Mar-18	Satisfactory		5	4	0	2	2	0	80%	1	20%								
Capital Accounting	*	Apr-18	Satisfactory		1	1	0	1	0	0	100%										
Treasury Management	*	Dec-17	Satisfactory		2	2	0	1	1	0	100%										
Compliance with IR35 - Tax legislation	*	Feb-19	Limited		6	2	1	1	0	0	33%			4	0	3	1	0	67%		
Creditors	*	Feb-18	Satisfactory		2	2	0	0	2	0	100%										
Debtors	*	Feb-18	Satisfactory	1	2	2	0	2	0	0	100%										
Payroll	*	Apr-18	Satisfactory		4	3	1	1	1	0	75%	1	25%								
Cashiering	*	Mar-18	Satisfactory		2	2	0	1	1	0	100%										
Legal																					
Corporate Governance & Ethical Standards	*	Jan-18	Satisfactory		2	2	0	2	0	0	100%										COMPLETE
Design & Digital																					
Compliance with the Data Protection Act	*	Apr-18	Satisfactory		9	9	1	7	1	0	100%										COMPLETE 2 outstanding recommendations re-raised in 18/19 audit
Risk Management	*	Apr-18	Satisfactory		4	2	0	2	0	0	50%	2	50%								
People																					
Human Resources	*	Feb-18	Limited	1	6	6	3	3	0	0	100%										COMPLETE
Revenues & Benefits																					
Revenues (Council Tax & NDR)	*	Jul-18	Satisfactory	1	4							4	100%								Recommendations re-iterated in 18/19 audit
Benefits	*	Feb-18	Satisfactory		2	2	0	2	0	0	100%										COMPLETE
Computer Audits																					
Firewall & Cyber Security	*	Oct-17	Satisfactory		5	5	0	1	4	0	100%										COMPLETE COMPLETE
GDPR Readiness Gap Analysis	*	Apr-18	Limited	4	16	16	9	5	2	0	100%										
Revs & Bens - Academy application	*	Jan-19	Limited	3	4	4	2	1	1	0	100%										COMPLETE Two P2 recs are overdue and the deadlines have been revised - the remaining recommendations will be followed up through Audit App when due
Mats - Application Audit	*	Oct-19	Satisfactory	2	6									6	0	4	2	0	100%	S Miller	
Review of Technology Strategy	*	Apr-18	No opinion given		1									1	0	0	0	1	100%	P Brewer	deadline was extended to Mar 20 but no update provided yet.
Contract Audits																					
Procurement Compliance	*	Sep-18	Satisfactory		6	6	1	2	3	0	100%										COMPLETE
					151	107	30	56	21	0	71%	8	5%	36	7	24	4	1	24%		

	Joint Audit	Final Report Date	Assurance level	Recs not applicable for follow up	Total No of Recs	Number of agreed recs completed	1	2	3	Other	Percentage of recs completed	Recs carried over into next audit	%of recs carried over	Number of recs outstanding	1	2	3	Other	Percentage of recs outstanding	Key auditees	Comments
Director for Communities																					
Adur Worthing Contract Services Waste Management	*	Mar-19	Satisfactory		7	6	0	4	2	0	86%			1	0	0	1	0	14%	M Marchant	Update provided through App has confirmed deadline for o/s changed to 3/8/20.
Environment Bereavement Services	*	Nov-18	Satisfactory		4	2	1	1	0	0	50%			2	0	2	0	0	50%	K Greening	Implementation date for the 2 outstanding recs has been revised
Housing Building Services - Stocks & Stores	ADC	Oct-19	Limited		8									8	3	5	0	0	100%	A Alexander	Update provided in Mar re one overdue P1 rec but no further updates received yet for 7 recs now passed their implementation date.
Right to Buy	ADC	Jul-18	Satisfactory		3	3	0	2	1	0	100%										COMPLETE
Rent Collection and Collection of Arrears	ADC	May-19	Satisfactory		4	4	1	2	1	0	100%										COMPLETE
Housing Repairs - Matsoft processes	ADC	Mar-20	Limited		30	3	1	2	0	0	10%			27	4	18	5	0	90%	C Barber	Recommendations will be followed up through App when they become due
Wellbeing Food Safety & Registration for Businesses	*	May-19	Limited	2	11	11	0	9	2	0	100%			1	0	1	0	0	25%	N Shad	COMPLETE
Air & Water Quality	*	Mar-19	Satisfactory		4	3	0	3	0	0	75%										The recommendation owner has confirmed data has now been received from WSCC which needs to be reviewed revised deadline of 30/6/20 set
Director of Digital & Resources																					
Business & Technical Services Business Travel - Vehicles	*	Jan-19	Satisfactory	3	8	8	1	4	3	0	100%										COMPLETE
Health & Safety	*	Jun-19	Satisfactory		2	2	0	2	0	0	100%										COMPLETE
Customer Contact NSL Contract Management	*	Sep-18	Full																		No Follow up due as no recommendations made
Customer & Digital Services Risk Management	*	May-19	Satisfactory		7	6	0	5	1	0	86%			1	0	1	0	0	14%	M Lowe	One rec due by 31/12 was confirmed as still outstanding in 19/20 audit but no revised deadline has been set.
Compliance with the Freedom of Information Act	*	Mar-19	Limited	6	9	5	1	4	0	0	56%			4	1	3	0	0	44%	M Koltsova	Update provided through App confirmed 2 further recs completed and deadlines revised for remaining 4
Finance General Ledger	*	May-19	Satisfactory		3	3	0	2	1	0	100%										COMPLETE
Capital & Fixed Asset Accounting	*	Mar-19	Full																		No Follow up due as no recommendations made
Treasury Management	*	Nov-18	Full																		No Follow up due as no recommendations made
Creditors	*	Nov-18	Satisfactory	2																	New system implemented and currently being audited - therefore closed this audit
Debtors	*	Dec-18	Satisfactory	3																	New system implemented and currently being audited - therefore closed this audit
Payroll	*	May-19	Satisfactory	5	1	1	0	1	0	0	100%										COMPLETE
Cashiering	*	Nov-18	Satisfactory		1	1	0	1	0	0	100%										COMPLETE
Legal Corporate Governance	*	Mar-19	Satisfactory		9	3	0	2	1	0	33%			6	1	2	3	0	67%	S Gobey & S Sale	Deadline has been revised for o/s P1 and 1 o/s P2 rec. No update yet provided for 1 o/s P2 recs. 19/20 annual corporate gov audit noted the actions from 3 P3 recs are still to be addressed and this was noted in the final report issued in Jan 20.
Revenues & Benefits Revenues (Council Tax & NDR)	*	Mar-19	Satisfactory		3	3	1	1	1	0	100%										COMPLETE
Benefits	*	Feb-19	Satisfactory		4	4	1	0	3	0	100%										COMPLETE
Director for Economy																					
Culture Theatres Box Office	WBC	Feb-19	Satisfactory	1	8	8	0	2	6	0	100%										COMPLETE
Place & Investment Asset Management	*	Mar-20	Limited	2	4									4	1	3	0	0	100%	C Cronin & S Spinner	3 recs due at 31 Mar 20 no update provided yet
Planning & Development Place & Economy	*	Sep-18	Satisfactory		8	8	0	6	2	0	100%										COMPLETE
Development Management	*	Feb-19	Satisfactory		7	5	0	5	0	0	71%			2	0	2	0	0	29%	L Lord	No update yet provided re o/s 2 recs

Computer Audits																			
Data Centre Access Procedure	*	Jul-19	Limited		11	6	1	5	0	0	55%			5	0	5	0	0	45%
Content Management (Website- Internet)	*	DRAFT																	
Contract Audits																			
Construction - Adur Civic Centre Phase 1	*	WIP																	
Fire Doors	ADC	DRAFT																	
Car Parks - LED lighting replacement	WBC	Jan-19	Satisfactory		5	5	0	1	4	0	100%								
Cross Service Audits																			
Emergency Planning	*	Nov-18	Satisfactory		3	3	0	2	1	0	100%			1	0	1	0	0	33%
Energy Management	*	Aug-19	Satisfactory	1	3	2	0	1	1	0	67%								
					167	105	8	67	30	0	63%	0	0%	62	10	43	9	0	37%

Update provided through App confirmed deadlines extended for 4/5 recs now overdue - no update yet provided for remaining o/s rec.

COMPLETE

COMPLETE
Deadline for o/s rec revised to 31/12/20.

	Joint Audit	Final Report Date	Assurance level	Recs not applicable for follow up	Total No of Recs	Number of agreed recs completed	1	2	3	Other	Percentage of recs completed	Recs carried over into next audit	% of recs carried over	Number of recs outstanding	1	2	3	Other	Percentage of recs outstanding	Key auditees	Comments
Director for Communities																					
Housing																					
Tenancy Management	ADC only	Mar-20	Limited	1	11									11	1	9	1	0	100%	A Eremie	Recs will be followed up through the App when due - 1 P2 due at end of Mar but no update yet
Rent in Advance	*																				
Regulatory Compliance	ADC only	DRAFT																			
Homeless Reduction Act compliance	*	DRAFT												2	0	1	1	0	100%	M Butler	Recs were due for implementation at end of Mar -
Allocations	*	Dec-19	Satisfactory	2	2																
Wellbeing																					
Management of Community Buildings	*	DRAFT																			
Director of Digital & Resources																					
Revenues & Benefits																					
Revenues & Benefits	*	Feb-20	Satisfactory		1									1	0	0	1	0	100%	P Tonking	Rec will be followed up through the App when due
Financial Services																					
General Ledger	*																				
Exchequer (Creditors & Debtors)	*	Feb-20	Satisfactory		1	1	0	1	0	0	100%			1	0	1	0		100%	S Gobey	COMPLETE
Cashiering	*	Oct-19	Satisfactory		1																review of App confirmed rec still not implemented - no update yet.
Budget Development	*																				COMPLETE
VAT Arrangements	*	Oct-19	Satisfactory		1	1	0	0	1	0	100%										COMPLETE
Customer & Digital Services																					
Management of Call Centre volumes	*	Aug-19	Satisfactory	1	1	1	0	1	0	0	100%										COMPLETE
Risk Management	*	Apr-20	Satisfactory		4									4	0	4	0	0	100%	M Lowe	Rec will be followed up through the App when due
Legal Services																					
Corporate Governance	*	Jan-20	Satisfactory	1	1	1	0	0	1	0	100%										COMPLETE
Decision Making	*	Sep-19	Satisfactory	1	1									1	0	1	0		100%	N Terry	Rec was due on 31/10/19 but no update provided yet.
Human Resources																					
Data input & accuracy	*	Feb-20	Limited	1	10									10	1	8	1	0	100%	H Christmas	7 Recs now overdue no update as yet - remainder will be followed up through the App when due
Apprenticeships	*	Apr-20	Satisfactory		5									5	0	5	0	0	100%	A Newnham	Rec will be followed up through the App when due
Business & Technical Services																					
Asbestos Management (non Housing)	*	DRAFT																			
Business Continuity	*																				
Building Maintenance Compliance (non Housing)	*	DRAFT																			
Director for Economy																					
Planning & Development																					
Land Charges	*																				
Planning Enforcement	*	Jan-20	Limited		9	5	0	5	0	0	56%			4	0	3	1	0	44%	J Blower	Recs will be followed up through the App when due
Major Projects & Investment																					
Management of Major Projects	*																				
Management of the Commercial Property Portfolio	*																				
COMPUTER AUDITS																					
Network Architecture and Resilience	*																				
Account Security	*																				
GDPR Compliance	*	Apr-20	Limited		6	1	0	1	0	0	17%			5	3	2	0	0	83%	M Koltsova	Recs will be followed up through the App when due
CONTRACT AUDITS																					
Management of Capital Programme	*																				
Contract audit - Concrete Repairs Grafton Car Park	WBC only																				
Procurement & Contract Management - Housing	*																				
CROSS SERVICE REVIEWS																					
Councils preparedness for EU exit	*	Dec-19	Satisfactory		1	1	0	0	1	0	100%										COMPLETE
					55	11	0	8	3	0	20%	0	0%	44	5	34	5	0	80%		

Outstanding Priority 1 Recommendations

Appendix 6

Leaseholder Service Charges (2017-18 Final Report issued March 2018)

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
<p>3.1 The Council should document a Leasehold Management Policy, which outlines the legislative framework (and timescales) within which it is required to operate for the various leasehold functions and services that it provides.</p> <p>The policy should:</p> <ul style="list-style-type: none">• Outline any local policy decisions in respect of the management of leaseholders, recovery of charges etc. and detail how these requirements will be achieved;• Clearly state how the Council will deal with major repair costs, including outlining the statutory processes that have to be completed and the timescales to ensure the recovery of costs (e.g. invoice or issue S20B notice within 18 months of cost being incurred; and• State at what level the cost of repairs will be pursued (e.g. minor costs above the £250 legislative rate may not be cost effective for the Council to pursue where there are only a few leaseholders, but if there were several then the costs and effort would be worth it). <p>Once documented, the Policy should be approved by the relevant senior management, member and committee.</p>	<p>There is currently no approved documented policy for Leasehold Management.</p> <p>Where an up to date documented and approved policy does not exist, there is a risk that the Council's objectives and/or responsibilities are not known and may not therefore be achieved.</p>	<p>An overarching policy will be developed. This will be supported by a set of detailed policies and procedures. Work has already begun on identifying those that are required and this will be used as an action plan to ensure all required actions are completed.</p> <p>Deadline - 30th September 2018</p>	<p>Update provided by Interim Leasehold Manager confirmed that a policy was drafted but that the process of consultation and approval needed to be agreed and then completed.</p> <p>Update provided by Housing Operations Manager on 4/3/20 confirmed:-</p> <p>The Repairs policy has been rejected on the grounds of a lack of consultation. A clearer consultation strategy will be needed as part of the process of approving this policy. The aim will be to define this in March 2020. The policy may not be approved therefore until after the local election in May 2020. The target for this needs to be revised to May/June 2020.</p> <p>Updated provided by Interim Leasehold Manager on 3/4/20 confirmed:-</p> <p>Policy drafted. Consultation vehicle or forum for leaseholders needs to be set up in line with AH resident engagement strategy. Not practical to progress during covid situation. Deadline extended.</p>	<p>31st July 2020</p>

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
<p>3.10 Debt recovery procedures should be established, documented and undertaken regularly. Regular reports of outstanding debts for service charges, ground rents, major works and any other charge made to leaseholders should be generated and monitored by relevant staff. Any action taken, i.e. issuing of reminder notes to leaseholders, should be recorded within the HMS and copies of documents attached to the leaseholder accounts on I@W.</p>	<p>Discussions with the TSM at the start of this audit established that, as a result of system changes within Leaseholder Services, including changes in invoicing, debt recovery procedures were not undertaken during the 2016/17 financial year and at the start of the 2017/18 financial year. We were advised that this was being reviewed and tested within the HMS so debt recovery procedures could start being undertaken by relevant officers and we acknowledge that some debt recovery work has now occurred.</p> <p>We obtained aged debts reports and as at 16/10/17 the outstanding balances were:</p> <ul style="list-style-type: none"> - Main A/C £146,266.03 - Major works £161,477.44. <p>As invoicing has only occurred through HMS since April 2016, this volume of debt is that outstanding since then.</p> <p>Outstanding debts, prior to April 2016 were generated through and are being monitored and recovered through the Council's Debtors system.</p> <p>Where debt recovery procedures are not in place, there is a risk that monies owed to the Council are not collected and this may impact on the HRA and the Council's finances.</p>	<p>Will be developed in line with recommendations 3.1 & 3.3.</p> <p>Deadline - 31st March 2019</p>	<p>Update provided by Interim Leasehold Manager confirmed that a list of areas where policies and procedures need to be developed has been drafted and an action plan with priorities and timescales needs to be put in place to deliver.</p> <p>Update provided by Housing Operations Manager on 4/3/20 confirmed:-</p> <p>This is now in process but active monitoring of the action plan needs to be agreed with the Strategy and Service Improvement Manager.</p> <p>Update provided by Interim Leasehold Manager on 3/4/20 confirmed:-</p> <p>This is part of a wider debt recovery procedure for Adur Homes. Deadline was extended.</p>	<p>30th June 2020</p>
<p>3.12 Management monitoring should be regularly undertaken to ensure that Service Standards are met.</p>	<p>The following Service Standards are detailed within the Leaseholder Handbook:</p> <ol style="list-style-type: none"> 1. Pg 6 - Annual service charge accounts will be sent out by the first 	<p>The Councils' Star Survey will be examined and used to develop standards and KPIs/recordable outcomes to monitor performance.</p>	<p>Update provided by Interim Leasehold Manager confirmed that service standards need reviewing and revising in line with the Leaseholder Policy once it is completed and a</p>	<p>30th March 2021</p>

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
	<p>week of October each year.</p> <p>2. Pg 8 - Advise leaseholders of their service charge bill by the first week in October with a breakdown of costs.</p> <p>3. Pg 10 - Information of what the leaseholder pays for - "you will receive a service charge bill once a year in October. The period you are paying for is the previous six months which is an actual cost and the following six months which is an estimated cost".</p> <p>4. Pg 11 - details how the service charge can be paid - in full or 10 monthly instalments.</p> <p>5. Pg 13 - details on management charges (25% of repair costs & 10% major works costs).</p> <p>During our walkthrough of an account we noted the following variances from these standards:</p> <p>1 & 3. – The service charges actuals invoices for 2015/16 were sent on 14/12/2016 not in October.</p> <p>2. – The actual/estimated service charges account was not dated so we were unable to confirm when it was sent.</p> <p>4. Invoice sent on 14/12/2016 does not contain any details on the leaseholder being entitled to pay by instalments.</p> <p>5. Actual/estimated service charges account states Admin Charge@ 10% + £75.</p> <p>Where Service Standards are not met, there is an increased risk of leaseholder dissatisfaction, complaint and reputation loss to the Council.</p>	<p>Ways to report and communicate performance to customers will also be considered.</p> <p>Deadline - 31st December 2018</p>	<p>method for monitoring put in place.</p> <p>Update provided by Housing Operations Manager on 4/3/20 confirmed:-</p> <p>This action is dependent upon 3.1 (policy approval) being achieved and may therefore slip beyond the scheduled target of June 2020. August 2020 is suggested provisionally.</p> <p>Update provided by Interim Leasehold Manager on 3/4/20 confirmed:-</p> <p>The complete "suite" of ADH service standards is to be reviewed as part of a service improvement plan. Including how to measure and report performance.</p> <p>Deadline revised.</p>	

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
<p>3.25 A complete revamp of how major works are invoiced is required in order to ensure that works are accurately billed in line with costs incurred, lease requirements and the requirements of Section 20B of the Landlord & Tenant Act 1985.</p> <p>Furthermore clarification should be sought from the relevant experts as to how VAT should be dealt with in respect of recharging leaseholders the cost of major works.</p>	<p>The Landlord and Tenant Act 1985 details specific requirements for invoicing. Accuracy of invoicing also assists the Council recover all sums expended.</p> <p>From our review of the major works monitoring spreadsheet, we noted that in many instances, invoicing did not occur until final figures have been received from Technical Services regardless of when the works were completed or when costs were incurred.</p> <p>From our testing on the invoicing for five major works we identified:</p> <ul style="list-style-type: none"> - 1 (85-89 Buci Crescent - Porch) where we found no evidence to confirm that the completed works have been invoiced to the leaseholder or that a Section 20B notice had been served. The contractor's invoice for these works (valued at £3,729.60) was dated 31/1/2015 so under the Section 20B the 18 month rule may no longer be recoverable. - For 2/4 works (387 Brighton Road – <p>These works were consulted on and there is evidence of such within the N drive and I@W however after the 2nd stage consultation we found no further evidence to support how the works progressed or whether a Section 20B notice was issued. We have noted that these works were generated through the HMS order and monitored by ADC Maintenance Officers rather than through Technical Services.</p>	<p>A complete overhaul of the major works invoicing process will be undertaken in line with the development of new processes. Training will then be provided and the Leaseholder Handbook and website information will be updated accordingly.</p> <p>The Government Guidelines on VAT and residential service charges will be considered and complied with during the invoicing process.</p> <p>Deadline - 31st March 2019</p>	<p>Update provided by Interim Leasehold Manager confirmed that this recommendation is being considered as part of the wider review in Adur Homes for the planning, management and delivery of the capital programme.</p> <p>Update provide by Housing Operations Manager on 4/3/20 confirmed:-</p> <p>As an additional update an appointment to the role of Programme manager is due in March 2020 which will facilitate this action. The date for completing needs to be pushed back at least a quarter to 30th June 2020.</p>	<p>30th June 2020</p>

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
	<p>wall ties and 14-18 Lisher Road - replacement of metal railings, balustrades & external decorations), we were unable to locate a copy of the invoice sent to the leaseholder to confirm whether the invoice specifically detailed the actual costs incurred (as required by Section 20B).</p> <p>- For the other 2 works (Grange Court – fire safety and 72-78 Buci Crescent – soil stack) the invoices contain no detail of the actual costs incurred.</p> <p>- 1 (Fire Safety works - Grange Court/Sea House/Locks Court) where the final account figure of £102,811.95 (used to calculate the invoices sent to the leaseholders) does not equate to the sum of the invoices paid to the contractor for these works (£136,067.94).</p> <p>- 1 (72-78 Buci Crescent - Soil Stack) where the tender value was £1,328 yet the final invoice value claimed was £2,096. There is no final account for these works as they were raised as an order through HMS so were managed by a Maintenance Officer. However, the original estimated cost to each leaseholder was £365.20 with the final invoice figure being £371.25. This small increase does not seem to equate to the £768 increase in overall cost of the works.</p> <p>We have also noted during testing that the contracted works attracted VAT yet VAT is not included in any recharge made to leaseholders.</p>			

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
	Where accurate and detailed invoicing does not occur, there is an increased risk that the Council is failing to meet legislative requirements, that leaseholder challenge may occur and that financial loss will result.			
<p>3.31 A process needs to be effected whereby any potential works where the costs may not be recoverable (i.e. due to defective lease/emergency works etc.) are identified at the earliest opportunity and a decision taken by the Head of Housing (HoH) as to whether the works proceed and the costs are borne by the HRA.</p> <p>Where this decision is taken, an authorisation form should be fully completed and certified by the HoH and a copy of the form attached to the relevant job within HMS/I@W in order that an audit trail exists to support that the costs are not being pursued.</p> <p>Discussions on whether works may be un-recoverable should form part of the regular meetings recommended above with Technical Service & Maintenance Officers.</p>	<p>The cost of some works to leasehold properties may not be recoverable due to restrictions of the lease, emergency etc.</p> <p>Authorisation by the Head of Service is therefore required in order to accept that the cost will be borne by the HRA.</p> <p>We were advised that a Write Off Authorisation Form should be completed where the cost of works is considered unrecoverable.</p> <p>Examination of the N drive found ten such forms, none of which are dated and none of which are copies of an actual form authorised by the HoH. Some contain notes as to why the costs are un-recoverable but many do not and all look like they have been raised retrospectively rather than as part of a process whereby a decision is taken in advance not to recover the cost. Seven of the ten were related to jobs raised through the HMS.</p> <p>We also noted an example of an order for works (1-6 Warren Court) valued at £9,200 and raised through HMS where an email suggests that the previous HoH agreed the works should be done with no charge to any leaseholder but no write off form for this was found on the N</p>	<p>The process will need to distinguish between decisions made in advance not to charge leaseholders (i.e. emergency works) and decisions after works carried out on the grounds of "reasonableness". The levels of authority for such decisions will need to be considered also.</p> <p>Deadline - 31st March 2019</p>	As above	30 th June 2020

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
	<p>drive.</p> <p>Where the recovery of work costs is not considered at the inception of the works, there is an increased risk that any unrecoverable costs are not authorised in advance of their being incurred and this may lead to increased costs to the HRA.</p>			
<p>3.32 The Council's Policy in respect of options available to leaseholders for payment of major works should be reviewed, approved by ADC Executive and then consistently applied.</p>	<p>On 15 June 2010, the ADC Cabinet decided the payment option arrangements for leaseholders, this includes the provision of ten year loans. Furthermore, on 13 July 2010 the ADC Cabinet decided additional deferred payment arrangements for works costing more than £5,000 in any financial year.</p> <p>We have not identified any other reports/decisions which revise the decisions taken by the ADC Cabinet in June/July 2010 therefore these decisions would appear to be the most recent and therefore constitute the current policy.</p> <p>These policy decisions are not, however accurately reflected in the current Leaseholders Handbook which states "If you are not able to pay for the cost of major works in full at the time of invoicing, then we offer an interest free loan up to five years depending on the size of the bill and individual circumstances. In this case you will pay in monthly instalments by either direct debit or payment card".</p> <p>The policy decisions were also not detailed correctly in the Paying for Major</p>	<p>The arrangements will be reviewed with Finance and Legal.</p> <p>Deadline - 31st March 2019</p>	<p>As above.</p> <p>Update provide by Housing Operations Manager on 4/3/20 confirmed:-</p> <p>The Leasehold Manager is drafting options for payment for leaseholders. Once this is completed sign off by Finance will be needed. Finance has been consulted as part of the process of drawing up these options.</p>	<p>30th June 2020</p>

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
	<p>Works information that was sent to leaseholders in March 2017 with their invoices. The differences being:</p> <ul style="list-style-type: none"> • The interest added column on the Paying for Major works information states 5.4% for all works costing more than £500 yet this is not what is detailed in the decision by Cabinet. • The Cabinet decision in June 2010 states that "for loans exceeding £1,500, a Land Registry charge would be taken out" the Land Registry requirement on the Paying for Major Works information states N/A for works costing £1,500-£5,000. • The Cabinet decision in July 2010 states the administration fee for deferred payments as £100 yet the Paying for Major Work information states £90. <p>Our walkthrough of a loan arranged in 2015 has shown that he was advised that the charges added to the loan for £10,998 would be 4.4% interest (reviewed annually), £50 admin fee, £40 Land Registry fee and £295 legal costs. This contradicts the Cabinet's decision which states an administration fee of £90 and a Land Registry fee of £50. Furthermore, the reports to the ADC Cabinet in 2010 made no mention of legal costs (nor did the information sent to leaseholders in 2017). The amounts actually invoiced to this leaseholder were £1209.59 interest (so no annual</p>			

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
	<p>review), £295 legal costs and £40 Land Registry fee (so no admin fee and incorrect LR fee).</p> <p>We have further confirmed that as a result of invoices sent in February 2017, one leaseholder requested to pay their major works costs (£3,072.49) over a period of 24 months. The email sent to this leaseholder confirms that no interest has been added and that monthly standing order payments should be arranged by the leaseholder. The policy requires DD payments and there is no mention of admin or Land Registry costs that the policy requires and no evidence can be seen on HMS/I@W to confirm that costs have been invoiced.</p> <p>Where approved policies are not known or accurately and consistently applied, there is an increased risk that loans are incorrectly arranged or that incorrect fees are charged. This may result in financial loss to the Council.</p>			
<p>3.33 Once the Major Works Payment Policy has been decided the Council should review how implementing payment loans/arrangements will for major works will be achieved.</p> <p>An agreed process, which reflects policy requirements should be effected to ensure that any future loans/arrangements are correctly actioned. Legal Services and Finance should be involved in any discussions to ensure that all legal and financial requirements are met.</p> <p>The agreed process should be</p>	<p>Proper arrangements are required to ensure that the Council effects payment arrangements correctly and in line with any policy and legal requirements.</p> <p>We found some procedures and forms (including a Service Charge Loan Application Form) on the N Drive and emails between the Finance and Leasehold teams going back several years. Our examination of this information suggests that the information provided by the leaseholder on the loan application form would seem to be the primary source for calculation</p>	<p>This will be reviewed with Finance and Legal.</p> <p>Deadline - 31st March 2019</p>	<p>As above</p>	<p>30th June 2020</p>

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
<p>formalised in a documented procedure which details the forms that need to be completed, by whom and when and how supporting information/documentation should be retained.</p>	<p>of affordability.</p> <p>Any payment arrangements were effected by Finance until April 2016, when the arrangements transferred to the Adur Homes Leasehold Team.</p> <p>We were advised by the Leasehold Officers that they are very unsure regarding the procedures to be followed, whether they are up-to-date, lines of responsibility etc. They also had queries regarding:</p> <ul style="list-style-type: none"> • how instalments and interest would be applied to Owner Accounts; • monitoring; • how the Council would legally stand in recovering any arrears of interest etc. if charges were not made against properties; and • their ability to calculate interest on loans and setting-up loan/instalment agreements with interest; <p>We have noted elsewhere in the audit inconsistencies with arranging loan agreements and lack of supporting information which would suggest that current arrangements are not effective.</p> <p>Where a defined process for effecting payment arrangements does not exist, there is an increased risk that arrangements are not correctly made or that legal requirements are not satisfied and this may impact on the Council's ability to recover all relevant costs leading to possible financial loss.</p>			

Compliance with the Freedom of Information Act 2018/19 (Final report issued in March 2019)

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
<p>3.10 All FOI requests should be responded to within 20 working days in accordance to the statutory requirements.</p>	<p>The FOI Act requires that FOI requests are replied to within 20 working days.</p> <p>Tests on the sample of ten FOI requests identified three cases where the responses were made after the 20 working day requirement. We also identified a further two cases which did not appear to have been responded to.</p> <p>Where FOI requests are not responded to within twenty working days, there is an increased risk of customer dissatisfaction leading to complaints and investigation by the Information Commissioner. The Councils' reputation will be damaged and they may be fined due to non-compliance.</p>	<p>The SIGO has already taken steps to address this. Any FOI that goes over the deadline becomes the responsibility of the Head of Service. Notifications are also sent to Directors where deadlines are at risk of being missed. Responsibility is escalated as early as possible. Compliance has improved but further work needs to be done. The FOI workshops and online training mentioned above should also highlight the need to respond</p> <p>Deadline - 31st May 2019</p>	<p>Update provided by Head of Customer & Digital Services on 9/8/19 confirmed that performance on FOI responses had improved significantly since the audit and is being reported to CLT but the SIGO position had been vacant since July 2019 but a new officer was starting in October 2019 who will continue to progress the good work completed so far.</p> <p>Update provided by SIGO on 28/2/20 confirmed that "Ongoing issues. Deadline moved to June 2020, because of the ETA for new policies (May 2020), the introduction of the Information Governance Service Plan 20/21 (OLG on 30/03/20) and subsequent development and embedding of compliance standards for Services.</p> <p>Workshop on FOI/EIR for SIOs was held on 24/02/2020 and importance of deadlines reiterated. Also, monthly case studies are now published in the staff newsletter that also reiterate the importance of compliance".</p>	<p>30th June 2020</p>

Corporate Governance 2018/19 (Final Report issued March 2019)

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
<p>3.8 Mandatory training in respect of governance (such as ethics and risk management) should be provided to all staff when they start at the Councils, as a refresher on a tri-annual basis and when any legislative changes occur.</p> <p>The Monitoring Officer should consult with Human Resources (HR) through the People Working Group or by other means in order to highlight issues and gaps in officer awareness, and identify satisfactory means by which relevant staff could have these areas matched to their training plans.</p>	<p>There is currently no mandatory governance training provided to staff and there is no longer centralised induction training provided where such issues may be raised.</p> <p>Whilst we noted that HR are currently in the process of reviewing training provision, including at time of induction, through the People Working Group, the group did not that time have any representation from Legal/Democratic Services.</p> <p>During the audit we noted a number of areas in which officers expressed reservations about wider staff awareness of core governance requirements including:</p> <ul style="list-style-type: none"> • The need to register and publish notice of key and exempt decisions at least 28 days in advance; and • The need to inform the Monitoring Officer of any sub-delegations of duty. <p>Where officers are unfamiliar with governance requirements, there is a risk that constitutional and/or statutory responsibilities will not be met which could result in unlawful or mismanaged decisions and actions.</p>	<p>Governance and Decision Making Training has been offered on 3 separate occasions to all Senior Managers, Heads of Service & Directors during the last 6 months. This included training about key and exempt decisions.</p> <p>Training on Scheme of Delegations to Officers is being undertaken on a one to one basis with each Head of Service and their managers and there is a rolling programme being undertaken to review all sub delegations and publish the register of sub- delegations. It is anticipated this will be completed by December 2019.</p> <p>Training on ethics should be completed by line managers at induction time with reference to the Officer Code of Conduct and Protocol for Relationships which form part of the constitution and are available to all staff on the website.</p> <p>Deadline - 31st December 2019</p>	<p>Update provide by Monitoring Officer on 24/2/20 confirmed that "induction training is being developed. It is anticipated that this will cover ethics, officer code of conduct, risk management, officer scheme of delegations, committee structure, decision making and key and decisions, exempt information and access to information.</p> <p>It is anticipated that a cycle of the training being delivered every 6 months to new starters will commence this summer".</p> <p>Deadline has been revised to allow for first cycle of training to be conducted.</p>	<p>31st August 2020</p>

Building Services – Stocks & Stores 2018/19 (Final Issued October 2019)

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
<p>The stock control spreadsheet should be kept up to date in order that it accurately reflects the current physical existence of materials in both the main storage and operatives' vans.</p>	<p>Maintaining up to date records assists management in ensuring the accuracy of its' stock levels and provides for effective stock management to be implemented.</p> <p>At the time of the audit, the Building Services Team was revamping its stock control processes. We were informed that an exercise was being undertaken to ensure clear and accurate records are being maintained by the Team in respect of stock type and quantity.</p> <p>Where up to date and accurate stock records are not maintained, there is an increased risk of loss or misappropriation of stock, which would result in a direct financial loss for the Council</p>	<p>Building Services have done some work to revamp processes. Housing Operations Manager to check what the improvements have been insofar as they may resolve some of the action points in the audit report.</p> <p>Deadline - 31st December 2019</p>	<p>A check has been made and confirmation given as at 04/03/2020 that the stores stock sheet is up to date. There is an outstanding need to address the issue of the full stock on each vehicle. An aim will be to complete this by end of April 2020 at the latest.</p> <p>No further update provided</p>	<p>30th April 2020</p>
<p>Adur Homes should develop a policy that defines, amongst others:</p> <ul style="list-style-type: none"> - How Building Services will procure materials (i.e. through the use of one contracted supplier and/or the use of local suppliers); - The quality standards expected when purchasing materials; - Levels of stock to be held; - Considerations to be made when purchasing (i.e. whether purchasing more costly LED lights will reduce Operative and overhead costs in the long term); - Any specific brands to be prioritised when purchasing, 	<p>Maintaining a Policy on how equipment and materials are procured, standards required and van stocking etc. will assist management ensure that materials and equipment is purchased and used in line with both service and Council objectives (such as the Sustainable Procurement Strategy).</p> <p>We confirmed that at present, Building Services do not have any contract arrangement with a particular supplier for the provision of materials and equipment. Furthermore, there is no documented policy in place defining how the Service will procure its materials, standards required, stock levels, or how it will stock its vans.</p> <p>Where there is no written policy in place</p>	<p>The proposed direction of travel is to outsource the management of stocks and stores and a suitable point in the future.</p> <p>The need to create some interim policy/procedure or guidance is accepted so that the stocks and stores can be managed in the interim in order to improve our scrutiny and compliance.</p> <p>Deadline - 31st March 2020</p>	<p>No update yet provided</p>	<p>None set yet</p>

<p>considering any historic use of these and the lower cost and time implications in replacing these; and</p> <p>- When and/or how the Service will stock vans (i.e. Operatives are only given the supplies to do each job and/or there will be a minimum stock level of certain types of incidentals such as nails, screws or other materials that they keep on each van).</p> <p>Where standards are established, they should be documented and reviewed on an annual basis. Management should then monitor to ensure that standards are met.</p>	<p>determining how materials are purchased etc, there is an increased risk that irregular and/or inadequate purchasing/stocking occurs leading to poor value for money, non-compliance with Council objectives, inefficiencies and possible financial loss.</p>			
<p>The Building Services Team should ensure value for money is sought when purchasing materials.</p>	<p>The Council's Contract Standing Orders requires that where purchases are less than £25,000, it is best practice for a minimum of two written quotes to be obtained.</p> <p>In the absence of a Building Services Procurement Policy or any contract arrangement, we tested 10 recent purchases of materials and noted that, in all cases:</p> <p>- The value of the purchase was under £1,000; and</p> <p>- There was no evidence to support value for money was sought in the forms of quotes being obtained.</p> <p>Where quotes are not obtained, there is a risk that Contract Standing Order requirements are not being complied with and that the Council is not achieving value for money.</p>	<p>Agreed - The proposed direction of travel is to outsource the management of stocks and stores and a suitable point in the future. In the interim the intention is to improve our scrutiny and compliance.</p>	<p>No update yet provided</p>	<p>None set yet</p>

Asset Management – (Final Issued March 2020)

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
<p>An Asset Management Plan should be produced and approved by the relevant senior management & Member group of the Councils</p>	<p>An Asset Management Plan helps the Councils ensure that corporate assets are used and maintained in an effective and economic manner.</p> <p>It was established that Adur and Worthing Councils do not have an up-to-date Asset Management Plan. The lack of an Asset Management Plan has been identified as a weakness, and tenders were obtained for the production of a corporate asset strategy in May 2019. However, no work in this area has been carried out to date.</p> <p>The absence of an Asset Management Plan has been identified previous audit reports going back to 2011/12.</p> <p>Where the Councils do not have a comprehensive and up-to date Asset Management Plan, there is a risk that assets may not be effectively managed.</p>	<p>Agreed, an Asset Management Strategy has been drafted and is being presented to Joint Strategic Committee for approval in March.</p> <p>Deadline - 31st March 2020</p>	<p>No update yet provided</p>	<p>None set yet</p>

Corporate Investigations Team (CIT) – Fraud update
(statistical information from 1 April 2019 to 31 March 2020)

Update on work since last report to JGC in January 2020

In 2019/2020, the CIT conducted a full review of all persons currently receiving a 25% single person discount on their Council Tax in the Adur area. CIT verified replies from a total of 6743 households to ascertain whether they should continue to receive the 25% discount. We found 6.45% of all SPDs claimed in Adur were false, which is above the national average of 4% (National Fraud Initiative 2019).

During the period 01/04/2019 to 31/03/2020, CIT have also conducted full investigations on 202 cases of Tenancy Fraud, and pre-investigations on 137 Homeless Assistance applications and 1207 Housing Applications, to ascertain their entitlement to access social housing within the Adur & Worthing areas. Since December the team has reduced to two persons, due to maternity leave.

Detailed below is the recovery/savings achieved by the CIT from their successful investigations since April 2019:

Investigation type	No of successful investigations	* Saving per case £	Recovery/Saving £
Adur SPD exercise	435	** see table details below	138,583.80
Housing – Housing Register	56	3,240*	181,440
Housing – Homeless Assistance Application	6	3,240*	19,440
Housing – Right to Buy	3	82,800*	248,400
Council Tax Reduction	6	Varying Amounts	6,734.46
Council Tax – Adur SPD NFI Matches	148	Varying amounts by CT Band	61,239.40
Council Tax – Worthing SPD NFI	187	Varying amounts by CT Band	51,889.20
			707,726.86

**** Adur SPD breakdown**

Band	Sent for cancelling	Re-Awarded	Total Cancelled	25% discount	Total £138,583.80
A	128	37	91	£313.19	£28,500.29
B	113	4	109	£365.39	£39,827.51
C	147	22	125	£424.30	£53,037.50
D	36	5	31	£469.78	£14,563.18
EFG	11	6	5	Various	£2,655.32

* The figures used in the above calculations are those used in the National Fraud Initiative Report 2018.



Adur District Council

Internal Audit Annual Report 2019/20

May 2020

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Status of our reports

This report ("Report") was prepared by Mazars LLP at the request of Adur District and Worthing Borough Councils and terms for the preparation and scope of the Report have been agreed with them.

The Report was prepared solely for the use and benefit of Adur District and Worthing Borough 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 Appendix 3 of this report for further information about responsibilities, limitations and confidentiality.

Introduction

Purpose of this Report

This report summarises the work that Internal Audit has undertaken and the key control environment themes identified across Adur District Council (the Council) during the 2019/20 financial year, the service for which is provided by Mazars LLP.

The purpose of the Annual Internal Audit Report is to meet the Head of Internal Audit annual reporting requirements set out in the UK Public Sector Internal Audit Standards (PSIAS). The PSIAS requirements are that the report must include:

- An annual Internal Audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework (the control environment);
- A summary of the audit work from which the opinion is derived (including reliance placed on the work by other assurance bodies), and
- A statement on conformation with the PSIAS and the results of the Internal Audit quality assurance and improvement programme (QAIP), if applicable.

The report should also include:

- The disclosure of any qualifications to that opinion, together with reasons for the qualification;
- The disclosure of any impairments or restriction in scope;
- A comparison of the work actually undertaken with the work that was planned and a summary of the performance of the Internal Audit function against its performance measures and targets;
- Any issues judged to be particularly relevant to the preparation of the annual governance statement, and
- Progress against any improvement plans resulting from QAIP external assessment.

It should be noted that the Council is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control, which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

Internal Audit Approach

As Internal Audit, our role is to provide an annual assurance statement on the adequacy and effectiveness of the Council's systems of governance, risk management and internal control.

Overview of Work Done

The Audit Plan for 2019/20 (Plan) included a total of 34 internal audit projects when approved by the Joint Governance Committee in March 2019. We have liaised with senior management throughout the year to ensure that Internal Audit work undertaken continues to focus on the high risk areas and, in the light of new and ongoing developments in the Council, help ensure the most appropriate use of our resources.

Through this liaison, changes were agreed to the Plan during the year and as a result, some internal audit projects have been deleted from the Plan and the timing of a number of other audits has been changed. A Housing Allocations audit was added to the Plan and four audits were cancelled (Welfare Reform, Device Security (IT), PCI DSS compliance (IT) and Incident and Problem Management (IT)). The cancellation of IT audits is further explained in the Internal Control – IT Audits Section on page 6. Consequently, the final number of projects for Adur in 2019/20 was 31 compared to 33 in the prior year (Please refer to the Overall Summary). During the final quarter of delivery of the Plan there was the emergence of the Coronavirus pandemic and subsequent impact on the Council as well as lockdown restrictions which impacted on some limited areas of remaining internal audit work in the Plan. However there were no material scope impairments or restrictions on internal audit in 2019/20.

We generally undertake individual internal audit projects with the overall objective of providing the Members, the Chief Executive and other officers with reasonable, but not absolute, assurance as to the adequacy and effectiveness of the key controls over a number of management's objectives. Other audit projects are geared more towards the provision of specific advice and support to management to enhance the economy, efficiency and effectiveness of the services and functions for which they are responsible. We also undertake IT audits, probity audits and anti-fraud work.

All internal audit reports include our recommendations and agreed actions that, if implemented by management, will enhance the control environment and the operation of the key management controls.

Compliance with the PSIAS

During our internal audit work, we practice the principles of the PSIAS. The PSIAS require periodic self-assessment and an assessment by an external person every five years. During 2016/17 Mazars GRIC – Public Services (Local Government Sector) engaged an external company, Gard Consultancy Services, to complete an External Quality Assessment. The review was conducted in October and November 2016 and our work at Adur District Council was covered as part of the sample of clients examined during the review. The outcome of this external assessment is stated within the resulting report as:

“From the evidence reviewed as part of the external quality assessment, no areas of noncompliance with the Public Sector Internal Audit Standards have been identified that would affect the overall scope or operation of the Internal Audit activity, nor any significant areas of partial non-compliance. Three areas of minor partial compliance and one area, which is a new requirement from 2016, have been identified.

On this basis, it is our opinion that Mazars GRIC - Public Services conforms to the requirements of the Public Sector Internal Audit Standards and the Local Government Application Note.

Some practical and pragmatic recommendations to address the minor partial compliance issues and improve overall conformity with the standards have been made”.

Content of report

This report sets out the results of the work performed as follows:

- **Overall summary** of work performed by Internal Audit including an analysis of report gradings; and
- **Key themes identified** during our work in 2019/20.

In this report, we have drawn on the findings and assessments included in all internal audit reports issued in 2019/20, including those that, at this time, remain in draft. It should be noted therefore that the comments made in respect of any draft reports are still subject to management response. Any changes in assurance on draft reports will be taken into account in the Head of Internal Audit Opinion for 2020/21.

Overall Summary

As illustrated in the tables below, and based on the current work completed, we have noted a decrease in audit assurance opinions issued in 2019/20 relative to the prior year. However, it should be noted that the Plan is based on examination of high risk areas and areas highlighted by management as requiring review which may increase the likelihood of limited assurance reports being issued and therefore impact on the assurances given.

During 2019/20, 12 (57.1%) of the internal audit projects which have so far been completed were rated 'Satisfactory assurance' compared with 20 (62.5%) in the prior year and no 'Full assurance' opinions were issued in 2019/20 compared to 2 in 2018/19. We issued no 'No assurance' opinions in 2019/20 or 2018/19 and nine reports (42.9%) have been issued with 'limited assurance' opinions compared with ten (31.25%) in the previous year.

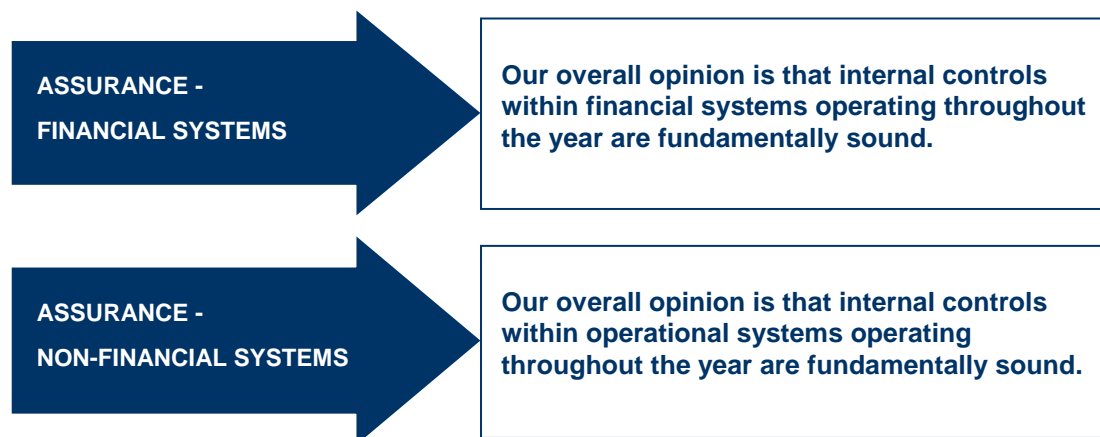
	Number of Projects									
Assurance Gradings	2019/20		2018/19		2017/18		2016/17		2015/16	
Full	0	0%	2	6.25%	0	0%	1	3.6%	0	0%
Satisfactory	12	57.1%	20*	62.5%	18	62.1%	24	85.6%	27	75%
Limited	9	42.9%	10*	31.25%	10	34.5%	2	7.2%	8	22.2%
No	0	0%	0	0%	1	3.4%	1	3.6%	1	2.8%
Sub-Total	21		32		29		28		36	
No Opinion Audits	0		0		1		3		5	
Total Audits Delivered	21		32		30		31		41	
Audits still in progress / Postponed	10									
Total	31		32		30		31		41	

* Revised from 2018/19 Internal Audit Annual Report following issue of final audit reports which were outstanding when the 2018/19 report was produced.

A summary of key findings for all 2019/20 internal audit projects rated as No/Limited is included at Appendix 1.

Opinion 2019/20

From the Internal Audit work undertaken in compliance with the PSIAS in 2019/20, it is our opinion that we can provide **Satisfactory Assurance** that the system of internal control in place at the Council for the year ended 31 March 2020 accords with proper practice, except for the significant control environment issues as documented in Appendix 1. The assurance can be further broken down between financial and non-financial systems, as follows:



Key Themes Identified

As Internal Audit continues to apply a risk based approach, our audit projects assess the governance framework, the risk management process as well as the effectiveness of controls across a number of areas. Our findings on these themes are set out below. Overall, we have noted a decrease in the control environment and whilst further remedial action needs to take place, we have noted that management has already started addressing our most significant findings.

Key Theme

Overall we have identified one key theme arising from our work this year, relating to further control issues being identified from audits conducted in Housing (including procurement and contract management issues).

Corporate Governance

As part of our work this year, we have again completed an evaluation of the governance arrangements in order to assist the Council and the S151 Officer in the preparing the Annual Governance Statement (AGS) for 2019/20.

As in 2018/19, we have concluded that there is reasonable assurance that the Council's governance arrangements are largely compliant with the best practice guidance on corporate governance issued by CIPFA/SOLACE. This opinion is based on:

- The external auditor's Audit Results Report for the year ended 31st March 2019 (dated July 2019 and reported to the Joint Governance Committee meeting 30th July 2019), in which Ernst & Young have concluded that, *'We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report'*, and
- Our audit of the Council's corporate governance arrangements (July 2019) that provided an overall Satisfactory assurance rating.

Risk Management

Based on an internal audit of the Council's risk management framework In March 2020, we have concluded that there is reasonable assurance that the Council's risk management processes are sufficiently formalised and provide information on key risks and issues relating to directorates and the Council as a whole. This opinion is based on:

- Assurance provided by the external auditors, Ernst & Young, in their Audit Results Report 2018/19 (dated July 2019) in which they state that, *"In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, we are satisfied that, in all significant respects, Adur District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019"*, and
- Our audit of the Council's risk management arrangements (final report issued April 2020) that provided an overall Satisfactory assurance rating.

Internal Control - Key Financial Systems

Each year Internal Audit carries out audits of the Council's key financial systems (KFS) to provide the Council with assurance that key financial controls in the fundamental systems are operating satisfactorily and support a robust control environment.

The table below summarises the assurance gradings from our audits in this key area:

Financial Year	No of Full Assurance Reports	% of Full Assurance Reports	No of Satisfactory Assurance Reports	% of Satisfactory Assurance Reports	No of Limited Assurance Reports	% of Limited Assurance Reports	Audits still in Progress
2017-18	0	0%	10	100%	0	0%	N/A
2018-19	2	20%	8	80%	0	0%	N/A
2019-20	0	0%	2**	50%**	0	0%	2 ^

** the number of KFS audits in the 2019/20 Plan was reduced from 10 in previous years following discussion with the Section 151 Officer. Audits attaining 'Full Assurance' or those with 'Satisfactory Assurance' but few recommendations are now examined bi-annually. The separate audits previously conducted on Revenues and Benefits audits have been combined into one audit and the previously separate Creditor and Debtor audits have been combined into one 'Exchequer' audit. The number of KFS audits in the 2019-20 Plan was therefore 4 (covering 6 previously audited areas).

^ these are the General Ledger and Exchequer audits which were in progress when the Covid-19 crisis emerged, completion has been delayed as a result of this and the Finance Team's involvement in year-end and Statement of Accounts work. Progression of the audits is due to commence this month (May 2020).

The control environment around key financial systems during 2019/20 remains satisfactory.

We have also noted the External Auditor's Audit Results Report 2018/19 (dated July 2019), in which Ernst & Young state that, *'It is the responsibility of the Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.'*

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls. Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware'.

Internal Control - IT Audits

Each year Internal Audit carries out audits of specific IT systems/areas. During 2018-19 we completed, with management assistance, an ICT Audit Needs Assessment in order to form a plan of IT audits for a three year period which focussed on areas of greatest need or risk. The IT audits to be conducted as part of the 2018-19 plan were not decided until late in the year and this impacted on audit completion. As at production of the 2018-19 Annual Internal Audit Report, one audit had been completed. The other two audits have since been completed and all three were given Limited assurance.

The completion of 2018/19 audits during the 2019/20 year, and resource/auditee availability constraints impacted on the completion of the five proposed IT audits in the 2019/20 Plan. Two IT audits have been completed and both were given Limited assurance. The ICT Needs Assessment was revised in February 2020 and agreement made that the remaining three audits would be conducted in quarter 1 of the 2020/21 year. Unfortunately the Covid-19 outbreak has impacted on when these audits were due to be undertaken and following discussions with the Council's Section 151 Officer regarding internal audit work in 2020/21 post the Covid-19 pandemic, it has been decided to cancel these audits from the Plan and to revise the IT audit work planned for 2020/21.

Performance of Internal Audit

At the start of the contract, a number of performance indicators were formulated to monitor the delivery of the Internal Audit service to the Council. The table below shows the actual and targets for each indicator for the period:

Performance Measure	Target	Actual
Percentage of Internal Audit plan completed	100%	75.9%
Number of draft audit reports/work items complete	31	21**

** Of the ten work items to be completed, five are in progress, one is under review and four are yet to be started. These items of audit work will be summarised in our quarterly reports to the Joint Governance Committee when the final reports are issued. The results will be updated in our Annual Internal Audit Report for 2020/21.

Appendix 1 - Audit Projects with Limited or No Assurance 2019/20

Project	Grading	Summary of Key Findings
HR Data Input & Accuracy	Limited	<p>Eleven recommendations were raised (two Priority 1, eight Priority 2 and one Priority 3). The Priority 1 recommendations were raised to address the need for:</p> <ul style="list-style-type: none"> Establishing a means whereby the data entered into Mats can be automatically fed into the Councils' payroll system in order to stop the duplication of data entry into the two separate system, or purchasing of an integrated HR/payroll system; and Regular spot checks on a sample of starters and leaver information input to Mats against the primary documentation used to input it. <p>Priority 2 recommendations raised related to:-</p> <ul style="list-style-type: none"> Developing documented procedures; HR staff completing mandatory e-learning courses; Attaching resignation letters to the Mats system; Requiring managers to fully complete the starter form and other starter information within Mats; Completion of starter and leaver checklists; Completion and "sign-off" of the right to work document within Mats for all new starters and the sending of medical forms and continuous service check letters; Ensuring all required starter and leaver forms are completed and provided to Payroll and Introducing a means for monitoring the HR SLA timings in order that targets can be monitored on a regular basis and monitoring reports are produced.
Rent in Advance	Limited	<p>Twelve recommendations were raised (one Priority 1, ten Priority 2 and one Priority 3). The Priority 1 recommendation related to:</p> <ul style="list-style-type: none"> The need for review of all forms used in the rent in advance/deposit guarantee (RiA/RG) process to collect the personal data of the client (and/or their family members) and a relevant privacy notice to be added. <p>Priority 2 recommendations related to:</p> <ul style="list-style-type: none"> Documenting the Council's discretionary RiA/RG scheme within a policy; Reviewing the RiA/DG process and updating the documented procedures; Completion of and manager sign off of the 'In Principle Financial Assistance

Project	Grading	Summary of Key Findings
		<p>Approval' form;</p> <ul style="list-style-type: none"> • Completion of fraud checks for every applicant • Completion of debt checks; • Generating a vulnerability and suitability form and personal housing Plan for each applicant for RiA/DG; • introducing a checklist to detail all required processes during the RiA/DG application process; • Creating an invoice for each loan granted; • Undertaking debt recovery actions in respect of all outstanding RiA/DG debts; and • Setting, monitoring and reporting of performance targets.
Planning Enforcement	Limited	<p>Nine recommendations were raised (eight Priority 2 and one Priority 3). No Priority 1 recommendations were raised. The Priority 2 recommendations raised related to:-</p> <ul style="list-style-type: none"> • Review and update of the enforcement policy; • Creating documented procedures; • Saving complaint responses on the Information@Works (I@W) system; • Logging all relevant information on client files within I@W; • Recording the Planning Services Manager's approval for each enforcement notice within the notice and retaining the notice within I@W; • Reminding officers to log the finalised notice on to I@W to allow relevant staff access to the latest version of the notice; • Ensure that land registry forms are filed on each relevant case within I@W; and • Setting and monitoring of key performance indicators (KPIs).
Compliance with the Data Protection Act (DPA) 2018 & General Data Protection Regulations (GDPR)	Limited	<p>Six recommendations were raised (three Priority 1 and three Priority 2). The Priority 1 recommendations related to:</p> <ul style="list-style-type: none"> • The need for GDPR/DPA Leads to maintain and link their registers of processing activities (RoPAs) to the central catalogue of RoPAs; • The need to GDPR/DPA Leads to ensure that application forms used by their service areas refer to the relevant privacy notice and the DPA 2018; and • Service areas taking continued action to ensure that expired data is identified and deleted automatically. <p>The Priority 2 recommendations related to:</p> <ul style="list-style-type: none"> • The need for the Senior Information Governance Officer (SIGO) to monitor staff completion of the mandatory training;

Project	Grading	Summary of Key Findings
		<ul style="list-style-type: none"> The SIGO carrying out regular 'health checks' within service areas on compliance with the Councils' data protection policies and procedures; and The expansion of data presented to the Technology Information Board (TIB) on a quarterly basis.
Management of Community Buildings (draft)	Limited	<p>Eight recommendations were raised (four Priority 1 and four Priority 2). The Priority 1 recommendations were raised to address the need for:</p> <ul style="list-style-type: none"> A policy (or a set of policies) that sets out the Council's goals and objectives for the use of and management of community buildings; Ensuring lease/tenancy agreements are maintained in a centralised location/storage area which all relevant teams have access to; Developing a programme for the active monitoring and managing contract/lease renewals, and Defining, monitoring and reporting on outcomes/outputs for each community centre/area. <p>The Priority 2 recommendations related to:</p> <ul style="list-style-type: none"> Roles and responsibilities in respect of management of community buildings/areas to be defined and communicated to the relevant Council teams; Development of documented procedures; Holding regular structured meetings with the community centre management companies and community companies who are contracted to use other Council buildings to review how they are managing centres/areas in line with their lease/contract requirements, and The need for regular meetings between the Communities, Estates and Legal teams to discuss issues in relation to the lessees/tenants and their management of community centres/areas.
Building Maintenance Compliance – non housing (draft)	Limited	<p>Ten recommendations were raised (five Priority 1 and five Priority 2). The Priority 1 recommendations were raised to address the need for:</p> <ul style="list-style-type: none"> Policies which define how the Council will ensure compliance with regulations and corporate objectives in respect of Gas and Electrical safety; Defining and communicating roles and responsibilities in respect of ensuring regulatory compliance for Council buildings and the development of a central record of Council buildings whereby responsibilities and compliance information is recorded; The Councils' Estates Team to check, where regulatory checks are required, and confirm with the tenants in Council owned buildings that all required checks

Project	Grading	Summary of Key Findings
		<p>have been performed;</p> <ul style="list-style-type: none"> • Regular contract monitoring meetings with those contractors who perform regulatory compliance checks on behalf of the Councils, and • The prioritisation and timely completion of recommendations raised by Contractors during their inspections and/or maintenance visits. <p>The Priority 2 recommendations related to:</p> <ul style="list-style-type: none"> • Finalising and approval of the draft Water Hygiene & Legionella Policy; • The need to develop documented procedures; • The identification of the training needs of specific key staff and defining those within policies; • Performing spot checks on the gas safety operatives' certifications, and • Regular reports on the Councils building maintenance inspections etc. to be presented to the H&S Board so that it can obtain assurance that the Council are complying with regulatory requirements and where necessary follow up on any areas of non-compliance.
Account Security (draft)	Limited	<p>Six Priority 2 recommendations have been raised in respect of:</p> <ul style="list-style-type: none"> • ICT and Management assigning accountability and responsibility for security to an individual or individuals of the Council's key high-risk applications; • Providing security awareness training to all staff on induction and communicating security updates at regular intervals; • Updating ICT security policies, aligning Gmail password parameters to NCSC Guidance to Password Best Practice and consider using, the NCSC Guidance to Password Best Practice, to align all other password parameters and include within the Access Control Policy; • Monitoring user activity, particularly on access to sensitive information and the use of privileged account actions. • Ensuring that monitoring systems are tuned appropriately to only collect events and generate alerts that are relevant to needs, and • Develop and implement a monitoring strategy based on business need and an assessment of risk.
Regulatory Compliance -housing – (draft)	Limited	<p>Eight recommendations were raised (two Priority 1 and six Priority 2). The Priority 1 recommendations were raised to address the need for:</p> <ul style="list-style-type: none"> • Reviewing when last Asbestos risk assessments were undertaken and urgently completing any that have not been undertaken in the last 12 months;

Project	Grading	Summary of Key Findings
		<ul style="list-style-type: none"> Monitoring and recording the outcomes of inspections and/or maintenance visits to ensure any rectification needed is planned and completed in a timely manner. <p>The Priority 2 recommendations related to:</p> <ul style="list-style-type: none"> Ensuring that all and every single housing property is included in the different regulatory compliance schedules and timetables developed to ensure compliance with the various legislative requirements; Retaining all regulatory documents in a central location; Use of the Mats Compliance App or acquisition of an Asset Management system that allows for the streamlined monitoring of compliance; Review and update of the Electrical Testing spreadsheet; Developing a monitoring record for ensuring lifts are maintained/inspected according to the requirements of the Lifting Operations and Lifting Equipment Regulations 1998; and Expanding the compliance reports produced for the Health & Safety Board and providing more detailed information to senior management.
Housing Reduction Act Compliance (draft)	Limited	<p>Five recommendations were raised (three Priority 2 and two Priority 3). No Priority 1 recommendations were raised. The Priority 2 recommendations raised related to:-</p> <ul style="list-style-type: none"> The completion, review and retention of personal housing plans (PHPs) Ending relief duty within the 56 day target. Agreeing KPIs and implementing monitoring and reporting systems for these.

Appendix 2 - Key to Assurance Levels

Assurance Gradings

We have four categories by which we classify internal audit assurance over the processes we examine, and these are defined as follows:

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

Appendix 3 - Statement of Responsibility

We take responsibility to Adur District and Worthing Borough 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.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. 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 by any third party is entirely at their own risk.

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Worthing Borough Council

Internal Audit Annual Report 2019/20

May 2020

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This report ("Report") was prepared by Mazars LLP at the request of Adur District and Worthing Borough Councils and terms for the preparation and scope of the Report have been agreed with them.

The Report was prepared solely for the use and benefit of Adur District and Worthing Borough 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 Appendix 3 of this report for further information about responsibilities, limitations and confidentiality.

Introduction

Purpose of this Report

This report summarises the work that Internal Audit has undertaken and the key control environment themes identified across Worthing Borough Council (the Council) during the 2019/20 financial year, the service for which is provided by Mazars LLP.

The purpose of the Annual Internal Audit Report is to meet the Head of Internal Audit annual reporting requirements set out in the UK Public Sector Internal Audit Standards (PSIAs). The PSIAs requirements are that the report must include:

- An annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework (the control environment);
- A summary of the audit work from, which the opinion is derived (including reliance placed on the work by other assurance bodies); and
- A statement on conformation with the PSIAs and the results of the internal audit quality assurance and improvement programme (QAIP), if applicable.

The report should also include:

- The disclosure of any qualifications to that opinion, together with reasons for the qualification;
- The disclosure of any impairments or restriction in scope;
- A comparison of the work actually undertaken with the work that was planned and a summary of the performance of the internal audit function against its performance measures and targets;
- Any issues judged to be particularly relevant to the preparation of the annual governance statement; and
- Progress against any improvement plans resulting from QAIP external assessment.

It should be noted that the Council is responsible for ensuring its' business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control, which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

Internal Audit Approach

As Internal Audit, our role is to provide an annual assurance statement on the adequacy and effectiveness of the Council's systems of governance, risk management and internal control.

Overview of Work Done

The Audit Plan for 2019/20 (Plan) included a total of 31 internal audit projects when approved by the Joint Governance Committee in March 2019. We have liaised with senior management throughout the year to ensure that internal audit work undertaken continues to focus on the high risk areas and, in the light of new and ongoing developments in the Council, help ensure the most appropriate use of our resources.

As a result of this liaison, changes were agreed to the Plan during the year. Some internal audit projects have been added to or deleted from the Plan, and the timing of a number of others has been changed. Four audits were cancelled (Welfare Reform, Device Security (IT), PCI DSS compliance (IT) and Incident and Problem Management (IT)). The cancellation of IT audits is further explained in the Internal Control – IT Audits Section on page 6. Consequently, the final number of projects for Worthing in 2019/20 was 27 compared to 29 in the prior year (please refer to the Overall Summary). During the final quarter of delivery of the Plan there was the emergence of the Coronavirus pandemic and subsequent impact on the Council as well as lockdown restrictions which impacted on some limited areas of remaining internal audit work in the Plan. However there were no material scope impairments or restrictions in on internal audit in 2019/20.

We generally undertake individual internal audit projects with the overall objective of providing the Members, the Chief Executive and other officers with reasonable, but not absolute, assurance as to the adequacy and effectiveness of the key controls over a number of management's objectives. Other audit projects are geared more towards the provision of specific advice and support to management to enhance the economy, efficiency and effectiveness of the services and functions for which they are responsible. We also undertake IT audits, probity audits and anti-fraud work.

All internal audit reports include our recommendations and agreed actions that, if implemented by management, will enhance the control environment and the operation of the key management controls.

Compliance with the PSIAS

During our internal audit work, we practice the principles of the PSIAS. The PSIAS require periodic self-assessment and an assessment by an external person every five years. During 2016/17 Mazars GRIC – Public Services (Local Government Sector) engaged an external company, Gard Consultancy Services, to complete an External Quality Assessment. The review was conducted in October and November 2016 and our work at Adur District Council was covered as part of the sample of clients examined during the review. The outcome of this external assessment is stated within the resulting report as:

“From the evidence reviewed as part of the external quality assessment, no areas of noncompliance with the Public Sector Internal Audit Standards have been identified that would affect the overall scope or operation of the Internal Audit activity, nor any significant areas of partial non-compliance. Three areas of minor partial compliance and one area, which is a new requirement from 2016, have been identified.

On this basis, it is our opinion that Mazars GRIC - Public Services conforms to the requirements of the Public Sector Internal Audit Standards and the Local Government Application Note.

Some practical and pragmatic recommendations to address the minor partial compliance issues and improve overall conformity with the standards have been made.

Content of this report

This report sets out the results of the work performed as follows:

- **Overall summary** of work performed by Internal Audit including an analysis of report gradings; and

- **Key themes identified** during our work in 2019/20.

In this report, we have drawn on the findings and assessments included in all internal audit reports issued in 2019/20, including those that, at this time, remain in draft. It should be noted therefore that the comments made in respect of any draft reports are still subject to management response. Any changes in assurance on draft reports will be taken into account in the Head of Internal Audit Opinion for 2019/20.

Overall Summary

As illustrated in the tables below, we have noted a decrease in audit assurance opinions issued in 2019/20 relative to the prior year. However, it should be noted that the Plan is based on examination of high risk areas and areas highlighted by management as requiring review which therefore may increase the likelihood of limited assurance reports being issued.

During the 2019/20 year, 11 (61.1%) of the internal audit projects were rated 'Satisfactory assurance' compared with 20 (69%) in the prior year and no 'Full assurance' opinions were issued in 2019/20 compared to 3 in 2018/19. We are pleased to report that we have not issued any 'No assurance' opinions in 2019/20, while we issued seven (38.9%) reports with 'limited assurance' opinions compared with six (20.7%) in the previous year.

Assurance Gradings	Number of Projects									
	2019/20		2018/19		2017/18		2016/17		2015/16	
Full	0	0%	3	10.3%	0	0%	1	3.7%	0	0%
Satisfactory	11	61.1%	20*	69%	17	73.9%	23	85.2%	27	79.4%
Limited	7	38.9%	6*	20.7%	6	26.1%	3	11.1%	7	20.6%
No	0	0%	0	0%	0	0%	0	0%	0	0%
Sub-Total	18		29		23		27		34	
No Opinion Audits	0		0		1		2		5	
Total Audits Delivered	18		29		24		29		39	
Audits still in progress / Deferred	9									
Total	27		29		24		29		39	

* Revised from 2018/19 Internal Audit Annual Report following issue of audit reports which were outstanding when the 2018/19 report was produced.

A summary of key findings for all 2019/20 Internal Audit projects rated as 'Limited assurance' is included at Appendix 1.

Opinion 2019/20

From the Internal Audit work undertaken in compliance with the PSIAS in 2019/20, it is our opinion that we can provide **Satisfactory Assurance** that the system of internal control in place at the Council for the year ended 31 March 2020 accords with proper practice, except for the significant control environment issues as documented in Appendix 1. The assurance can be further broken down between financial and non-financial systems, as follows:



Key Themes Identified

As Internal Audit continues to apply a risk based approach and our audit projects assess the governance framework, the risk management process as well as the effectiveness of controls across a number of areas. Our findings on these themes are set out below. Overall, we have noted a decrease in the control environment and, whilst further remedial action needs to take place, we have noted that management has already started addressing our most significant findings.

Corporate Governance

As part of our work this year, we have again completed an evaluation of the governance arrangements in order to assist the Council and the S151 Officer in preparing the Annual Governance Statement (AGS) for 2019/20.

As in 2018/19, we have concluded that there is reasonable assurance that the Council's governance arrangements are largely compliant with the best practice guidance on corporate governance issued by CIPFA/SOLACE. This opinion is based on:

- The external auditor's Audit Results Report for the year ended 31st March 2019 (dated July 2019 and present to the Joint Governance Committee (JGC) on 30th July 2019, in which Ernst & Young have concluded that '*We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We have no matters to report as a result of this work*', and
- Our audit of the Council's corporate governance arrangements (July 2019), which provided an overall Satisfactory assurance rating.

Risk Management

We have concluded that there is reasonable assurance that the Council's risk management processes are sufficiently formalised and provide information on key risks and issues relating to directorates and the Council as a whole. This opinion is based on:

- Assurance provided by the external auditors, Ernst & Young, in their Audit Results Report 2018/19 (July 2019) in which they state, *'In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, we are satisfied that, in all significant respects, Worthing Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019'*, and
- Our audit of the Council's risk management arrangements (March 2020), which provided an overall Satisfactory assurance rating.

Internal Control - Key Financial Systems

Each year Internal Audit carries out audits of the Council's key financial systems to provide the Council with assurance that key financial controls in the fundamental systems are operating satisfactorily and support a robust control environment.

The table below summarises the assurance gradings from our audits in this key area:

Financial Year	No of Full Assurance Reports	% of Full Assurance Reports	No of Satisfactory Assurance Reports	% of Satisfactory Assurance Reports	No of Limited Assurance Reports	% of Limited Assurance Reports	Audits still in Progress
2017-18	0	0%	9	100%	0	0%	N/A
2018-19	2	22.2%	7	77.8%	0		N/A
2019-20	0	0%	2**	50%	0	0%	2^

** the number of KFS audits in the 2019/20 Plan was reduced from 10 in previous years following discussion with the Section 151 Officer. Audits attaining 'Full Assurance' or those with 'Satisfactory Assurance' but with few recommendations are now examined bi-annually. The separate audits previously conducted on Revenues & Benefits audits have been combined into one audit and the previously separate Creditor and Debtor audits have been combined into one 'Exchequer' audit. The number of KFS audits in the 2019-20 Plan was therefore 4 (covering 6 previously audited areas).

^ these are the General Ledger and Exchequer audits which were in progress when the Covid-19 crisis emerged, completion has been delayed as a result of this and the Finance Team's involvement in year-end and Statement of Accounts work. Progression of the audits is due to commence this month (May 2020).

The control environment around key financial systems during 2019/20 remains satisfactory.

We have also noted the External Auditor's Audit Results Report 2018/19 (July 2019), in which Ernst & Young states that, *'It is the responsibility of the Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in*

practice. Our responsibility as your auditor is to consider whether the Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls. Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware’.

Internal Control– IT Audits

Each year Internal Audit carries out audits of specific IT systems/areas. During 2018-19 we completed, with management assistance, an ICT Audit Needs Assessment in order to form a plan of IT audits for a 3 year period which focussed on areas of greatest need or risk. The IT audits to be conducted as part of the 2018-19 plan were therefore not decided until late in the year and this impacted on audit completion. As at production of the 2018-19 Annual Internal Audit Report, one audit had been completed. The other two audits have since been completed and all 3 were each given a Limited assurance.

The completion of 2018/19 audits during the 2019/20 year and resource/auditee availability constraints impacted on the completion of the five proposed IT audits in the 2019/20 plan. Two IT audits have been completed and both were given Limited assurance. The ICT Needs Assessment was revised in February 2020 and agreement made that the remaining three audits would be conducted in quarter 1 of the 2020/21 year. Unfortunately the Covid-19 outbreak has impacted on when these audits were due to be undertaken and following discussions with the Council’s Section 151 Officer regarding internal audit work in 2020/21 post the Covid-19 pandemic, it has been decided to cancel these audits and revise the IT audit work planned for 2020/21.

Key Themes

Overall we have not identified any specific themes arising from our work this year.

Performance of Internal Audit

At the start of the contract, a number of performance indicators were formulated to monitor the delivery of the Internal Audit service to the Council. The table below shows the actual and targets for each indicator for the period:

Performance Measure	Target	Actual
Percentage of Internal Audit plan completed	100%	75.9%
Number of draft audit reports/work items complete	27	18**

** The nine audits still to be completed include five that are in progress, one which is under review and three that are yet to be started. The findings of these audits will be summarised in our quarterly reports to the JGC when the final reports are issued and the results updated in our Annual Internal Audit Report for 2020/21.

Appendix 1 - Audit Projects with Limited or No Assurance 2019/20

Project	Grading	Summary of Key Findings
HR Data Input & Accuracy	Limited	<p>Eleven recommendations were raised (two Priority 1, eight Priority 2 and one Priority 3). The Priority 1 recommendations were raised to address the need for:</p> <ul style="list-style-type: none"> Establishing a means whereby the data entered into Mats can be automatically fed into the Councils' Payroll system in order to stop the duplication of data entry into the two separate system, or purchasing of an integrated HR/Payroll system; and Regular spot checks on a sample of starters and leaver information input to Mats against the primary documentation used to input it. <p>Priority 2 recommendations raised related to:-</p> <ul style="list-style-type: none"> Developing documented procedures; HR staff completing mandatory e-learning courses; Attaching resignation letters to the Mats system; Requiring Managers to fully complete the starter form and other starter information within Mats; Completion of starter and leaver checklists; Completion and 'sign-off' of the Right to Work document within Mats for all new starters and the sending of medical forms and continuous service check letters; Ensuring all required starter and leaver forms are completed and provided to Payroll; and Introducing a means for monitoring the HR SLA timings in order that targets can be monitored on a regular basis and monitoring reports are produced.
Planning Enforcement	Limited	<p>Nine recommendations were raised (eight Priority 2 and one Priority 3). No Priority 1 recommendations were raised. The Priority 2 recommendations raised related to:-</p> <ul style="list-style-type: none"> Review and update of the Enforcement Policy; Creating documented procedures; Saving complaint responses on the Information@Works (I@W) system; Logging all relevant information on client files within I@W; Recording the Planning Services Manager's approval for each enforcement notice within the notice and retaining the notice within I@W; Reminding officers to log the finalised notice on to I@W to allow relevant staff

Project	Grading	Summary of Key Findings
		<p>access to the latest version of the notice;</p> <ul style="list-style-type: none"> • Ensure that Land Registry forms are filed on each relevant case within I@W; and • Setting and monitoring of key performance indicators (KPIs).
Compliance with the Data Protection Act (DPA) (2018) & General Data Protection Regulations (GDPR)	Limited	<p>Six recommendations were raised (three Priority 1 and three Priority 2). The Priority 1 recommendations related to:</p> <ul style="list-style-type: none"> • The need for GDPR/DPA Leads to maintain and link their registers of processing activities (RoPAs) to the central catalogue of RoPAs; • The need to GDPR/DPA Leads to ensure that application forms used by their service areas refer to the relevant privacy notice and the DPA 2018; and • Service areas taking continued action to ensure that expired data is identified and deleted automatically. <p>The Priority 2 recommendations related to:</p> <ul style="list-style-type: none"> • The need for the Senior Information Governance Officer (SIGO) to monitor staff completion of the mandatory training; • The SIGO carrying out regular 'health checks' within service areas on compliance with the Councils' data protection policies and procedures; and • The expansion of data presented to the Technology Information Board (TIB) on a quarterly basis.
Management of Community Buildings (draft)	Limited	<p>Eight recommendations were raised (four Priority 1 and four Priority 2). The Priority 1 recommendations were raised to address the need for:</p> <ul style="list-style-type: none"> • A policy (or a set of policies) that sets out the Councils goals and objectives for the use of and management of community buildings; • Ensuring lease/tenancy agreements are maintained in a centralised location/storage area which all relevant teams have access to; • Developing a programme for the active monitoring and managing contract/lease renewals; and • Defining, monitoring and reporting on outcomes/outputs for each Community Centre/area. <p>The Priority 2 recommendations related to:</p> <ul style="list-style-type: none"> • Roles and responsibilities in respect of management of community buildings/areas to be defined and communicated to the relevant Council teams; • Development of documented procedures; • Holding regular structured meetings with the community centre management

Project	Grading	Summary of Key Findings
		<p>companies and community companies who are contracted to use other Council buildings to review how they are managing centres/areas in line with their lease/contract requirements; and</p> <ul style="list-style-type: none"> The need for regular meetings between the Communities, Estates and Legal teams to discuss issues in relation to the lessees/tenants and their management of community centres/areas.
Building Maintenance Compliance – non housing (draft)	Limited	<p>Ten recommendations were raised (five Priority 1 and five Priority 2). The Priority 1 recommendations were raised to address the need for:</p> <ul style="list-style-type: none"> Policies which define how the Council will ensure compliance with regulations and corporate objectives in respect of gas and electrical safety; Defining and communicating roles and responsibilities in respect of ensuring regulatory compliance for Council buildings and the development of a central record of Council buildings whereby responsibilities and compliance information is recorded; The Councils' Estates Team to check, where regulatory checks are required, and confirm with the tenants in Council owned buildings that all required checks have been performed; Regular contract monitoring meetings with those contractors who perform regulatory compliance checks on behalf of the Council; and The prioritisation and timely completion of recommendations raised by Contractors during their inspections and/or maintenance visits. <p>The Priority 2 recommendations related to:</p> <ul style="list-style-type: none"> Finalising and approval of the draft Water Hygiene & Legionella Policy; The need to develop documented procedures; The identification of the training needs of specific key staff and defining those within policies; Performing spot checks on the gas safety operatives' certifications; and Regular reports on the Councils building maintenance inspections etc. to be presented to the H&S Board so that it can obtain assurance that the Council are complying with regulatory requirements and where necessary follow up on any areas of non-compliance.
Account Security (draft)	Limited	<p>Six Priority 2 recommendations have been raised in respect of:</p> <ul style="list-style-type: none"> ICT and Management assigning accountability and responsibility for security to an individual or individuals for each of the Councils' key high-risk applications;

Project	Grading	Summary of Key Findings
		<ul style="list-style-type: none"> • Providing security awareness training to all staff on induction and communicating security updates at regular intervals; • Updating ICT security policies, aligning Gmail password parameters to NCSC Guidance to Password Best Practice and consider using, the NCSC Guidance to Password Best Practice, to align all other password parameters and include within the Access Control Policy; • Monitoring user activity, particularly on access to sensitive information and the use of privileged account actions; • Ensuring that monitoring systems are tuned appropriately to only collect events and generate alerts that are relevant to needs; and • Develop and implement a monitoring strategy based on business need and an assessment of risk.
Housing Reduction Act Compliance (draft)	Limited	<p>Five recommendations were raised (three Priority 2 and two Priority 3). The Priority 2 recommendations raised related to:-</p> <ul style="list-style-type: none"> • The completion, review and retention of personal housing plans (PHPs); • Ending relief duty within the 56 day target; and • Agreeing KPIs and implementing monitoring and reporting systems for them.

Appendix 2 - Key to Assurance Levels

Assurance Gradings

We have four categories by which we classify internal audit assurance over the processes we examine, and these are defined as follows:

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

Appendix 3 - Statement of Responsibility

We take responsibility to Adur District and Worthing Borough 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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