



ADUR & WORTHING COUNCILS

Joint Governance Committee

22 September 2020

Agenda Item 7

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 the agreed implementation dates.
- 1.5 Fraud work conducted by the Councils' Corporate Investigations Team.

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 the Joint Governance Committee (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. Internal Audit Services to the Council's, including the role of the Head of Internal Audit is outsourced to Mazars LLP.

4. Issues for Consideration

4.1 Covid-19

As reported within our previous progress reports to the Committee, the Internal Audit function continued to operate post the Covid-19 lockdown on 23 March 2020, but the progression of audit work has been impacted. Work on the residual 2019/20 audits and on 2020/21 audits commenced during July 2020.

4.2 Internal Audit Performance - 2019/20 and 2020/21

As previously reported to the Committee, the Covid-19 pandemic has impacted on completion of 2019/20 and 2020/21 audit plans. At 31st August 2020, 432.6 (95.5%) of the planned 2019/20 days had been delivered. Attached as **Appendix 1** is a summary of the current status of audits in the plan.

As at 31st August 2020, 66.2 (13%) of the planned 2020/21 days had been delivered. The current status of the 2020/21 audits is attached as **Appendix 2**.

Internal Audit attends monthly meetings with the CFO and is in regular contact with her in respect of progress against the plan.

4.3 Final Audit Reports

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	There is a basically sound system but 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.

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 and the Joint Governance Committee.
Priority 2	Other recommendations for local management action.
Priority 3	Minor matters.

Since our report to the Committee in July 2020, two reports from the 2019/20 plan have been finalised. Both were given a Limited Assurance opinion (Account Security and Regulatory Compliance (Housing)). Two P1 recommendations were raised within these reports, (all being within the Regulatory Compliance audit).

A summary of the final reports issued since our last report to this Committee, including the key issues raised, is attached as **Appendix 3**. Details of the Priority 1 and Priority 2 recommendations raised within these reports have also 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	33	89.2%	0	0%	4	10.8%	0	0%	10.8%	0	37
P2	86	68	79.1%	6	7%	12	13.9%	0	0%	20.9%	0	86
P3	26	21	80.8%	2	7.7%	3	11.5%	0	0%	19.2%	1	27
Other	1	0	0%	0	0%	1	100%	0	0%	100%	0	1
Total	150	122	81.3%	8	5.3%	20	13.4%	0	0%	18.7%	1	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	16	12	75%	0	0%	4	25%	0	0%	25%	2	18
P2	95	81	85.3%	0	0%	14	14.7%	0	0%	14.7%	21	116
P3	36	33	91.7%	0	0%	3	8.3%	0	0%	8.3%	6	42
Total	147	126	85.7%	0	0%	21	14.3%	0	0%	14.3%	29	176

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	5	4	80%	0	0%	0	0%	1	20%	20%	6	11
P2	35	26	74.3%	0	0%	3	8.6%	6	17.1%	25.7%	29	64
P3	6	5	83.3%	0	0%	0	0%	1	16.7%	16.7%	5	11
Total	46	35	76.1%	0	0%	3	6.5%	8	17.4%	23.9%	40	86

Attached as **Appendices 4, 5 & 6**, are tables which summarise the outstanding 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 9 recommendations (all Priority 2) which remain outstanding from audits contained in the 2016/17 Audit Plan.

We have also highlighted in **Appendix 7** those Priority 1 recommendations which remain outstanding after the agreed implementation dates.

There are 9 outstanding Priority 1 recommendations detailed within this report compared to 13 reported to the Committee on 29 July 2020.

4.5 **Fraud**

We periodically provide an update/summary of fraud work conducted within the Councils. Attached as **Appendix 8** is an update on the work completed by the Councils' Corporate Investigations Team since April 2019.

5. **Engagement and Communication**

5.1 Internal Audit attends monthly meetings with the CFO on progress against the plan. Issues arising and potential plan changes are discussed both at these meetings and whenever necessary. This has included specific discussions in relation to the Covid-19 situation and impact on Internal Audit work.

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

Officer Contact Details:

Dave Phillips, Acting Head of Internal Audit (Mazars LLP)

Town Hall, Worthing

dave.phillips@mazars.co.uk

Sustainability & Risk Assessment

1. Economic

1.1 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.

	Audit	Field Work complete	Draft Issued	Final Issued	Assurance level	1	2	3	Total	P1 issues
4	Management of the Commercial Property Portfolio	Y	Y							
4	Tenancy Management	WIP								
4	General Ledger	WIP								
4	Exchequer (Creditors & Debtors)	Y	UR							
4	Risk Management	Y	Y	Y	Satisfactory	0	4	0	4	No P1 recs.
4	Business Continuity	WIP								
4	Contract audit - Concrete Repairs - Grafton Car Park	Y	UR							
4	Procurement & Contract Management Housing	WIP								
4	Management of Capital Programme	Y	UR							
4	Network Architecture and Resilience	Y	Y	Y	Limited	0	4	3	7	No P1 recs.

Key:

WIP – Work in progress

UR – work is under review

	Audit	Field Work complete	Draft Issued	Final Issued	Assurance level	1	2	3	Total	P1 issues
	security									
4	Condition Surveys contract - vertical audit									

Key:

WIP – Work in progress

P – Audit has been planned

UR – work is under review

Key issues from finalised audits**Appendix 3**

Audit (Plan Year)	Assurance Level & Number of Issues	Summary of key issues raised
Account Security (19/20)	Limited (Six Priority 2 recommendations)	No Priority 1 recommendations raised.
Regulatory Compliance – Housing (19/20)	Limited (Two Priority 1 and Six Priority 2 recommendations)	Priority 1 recommendations were raised in respect of: <ul style="list-style-type: none">- The completion of annual asbestos surveys; and- The need to monitor remedial works identified during regulatory checks to ensure it is completed in a timely manner.

	Joint Audit	Final Report Date	Assurance level	Total No of Recs	Number of agreed recs completed	1	2	3	Other	% of recs completed	Number of recs outstanding	1	2	3	Other	% of recs outstanding	Comments
Director for Economy																	
Culture																	
Theatres Box Office	WBC	Feb-19	Satisfactory	8	8	0	2	6	0	100%							COMPLETE
Place & Investment Asset Management	*	Mar-20	Limited	4	3	1	2	0	0	75%	1	0	1	0	0	25%	1 OS rec to be followed up through App when due
Planning & Development																	
Place & Economy	*	Sep-18	Satisfactory	8	8	0	6	2	0	100%							COMPLETE
Development Management	*	Feb-19	Satisfactory	7	6	0	6	0	0	86%	1	0	1	0	0	14%	deadline for remaining rec revised to April 21 to allow process to be completed at year end
Computer Audits																	
Data Centre Access Procedure	*	Jul-19	Limited	11	8	1	7	0	0	73%	3	0	3	0	0	27%	Update provided through App confirmed deadlines extended for the 3 recs to Sep & Oct 20
Content Management (Website- Internet)	*	May-20	Limited	9	6	0	4	2	0	67%	3	0	2	1	0	33%	Recs to be followed up through Audit App when due
Contract Audits																	
Construction - Adur Civic Centre Phase 1	*	DRAFT															
Fire Doors	ADC	DRAFT															
Car Parks - LED lighting replacement	WBC	Jan-19	Satisfactory	5	5	0	1	4	0	100%							COMPLETE
Cross Service Audits																	
Emergency Planning	*	Nov-18	Satisfactory	3	3	0	2	1	0	100%							COMPLETE
Energy Management	*	Aug-19	Satisfactory	3	2	0	1	1	0	67%	1	0	1	0	0	33%	Deadline for o/s rec revised to 31/12/20.

Outstanding Priority 1 Recommendations

APPENDIX 7

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 4th March 2020 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 3rd April 2020 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 December 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
			Update provided by Interim Leasehold Manager on 31 st July 20 stated "Adur Informal Cabinet agreed in July that draft policy could go forward to JSC September and then to leaseholder consultation. Not clear if will have to go back to members hence precautionary backstop revised deadline". Update provided on 9 th September 20 stated "Draft policy updated after Adur Informal Cabinet; report going to JSC October".	
<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> <p>- 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</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 4th March 2020 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>Update provided on 29th June</p>	<p>30th September 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>(valued at £3,729.60) was dated 31/1/2015 so under the Section 20B the 18 month rule may no longer be recoverable.</p> <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> <ul style="list-style-type: none"> - For 2/4 works (387 Brighton Road – 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). - 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. - 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 		<p>2020 confirmed work has started and the implementation deadline extended to 30th September 2020 as completion is linked to other recommendations including those detailed below.</p> <p>Update provided on 9th September 2020 confirmed this is still in progress and no extension to the deadline was made.</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>(£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> <p>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>			
<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</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 4th March 2020 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</p>	<p>30th November 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>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 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 		<p>process of drawing up these options.</p> <p>Update provided on 29th June 2020 confirmed this recommendation is being processed in line with other recommendations and the deadline has been revised.</p> <p>Update provided on 9th September 2020 confirmed that the updated policy will be presented to Informal Cabinet in Oct/Nov – 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>states the administration fee for deferred payments as £100 yet the Paying for Major Work information states £90.</p> <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 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>			

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>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 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>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 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; 	<p>This will be reviewed with Finance and Legal.</p> <p>Deadline - 31st March 2019</p>	<p>As above.</p>	<p>30th November 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
	<ul style="list-style-type: none"> • 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>			

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 24th February 2020 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>3.2 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>considering any historic use of these and the lower cost and time implications in replacing these; and</p> <ul style="list-style-type: none"> - 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>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>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 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 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>Update provided on the 7th July 2020 by the Housing Operations Manager confirmed "There have been a few decisions made about this matter both within Adur Homes and with a wider procurement group. An in principle decision has been made to outsource the bulk of our stores purchasing in a potential 3 - 5 year contract.</p> <p>The two decisions remaining will be:</p> <ul style="list-style-type: none"> • How we run down our existing stock and manage risk • The level of threshold stores that we will retain' somewhere between £3K - £10k. <p>We are significantly adrift of audit timelines at present. The main cause of this has been the delay in appointment of the new Repairs Modernisation Manager post and the impact of Covid".</p> <p>Update provided on 9th Sept 20 states that:-</p> <p>Adur Homes are working with procurement on creating a 2</p>	<p>31st January 2021</p>

			<p>- 3 year framework contract for procuring future stocks and stores. A preferred framework had been identified (PFH) and a provisional timetable for moving across from the current arrangement to the new one. As well as the procurement exercise there will be a need to follow internal governance arrangements.</p> <p>It is anticipated that the new Framework will be in place from January 2021 onwards. This will address the following issues highlighted in the audit in due course.</p> <ul style="list-style-type: none"> - How Building Services will procure materials - The quality standards - Considerations to be made when purchasing - Levels of stock to be held; - When and/or how the Service will stock vans <p>Procedural guidance will be developed in parallel with the above under the headings indicated. These will show interim arrangements for the period October 2020 - January 2021 and then future arrangements from January 2021 onwards.</p>	
3.3 The Building Services Team should ensure value for money is	The Council's Contract Standing Orders requires that where purchases are less	Agreed - The proposed direction of travel is to outsource the	As above	30 th September

<p>sought when purchasing materials.</p>	<p>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> <ul style="list-style-type: none"> - The value of the purchase was under £1,000; and - There was no evidence to support value for money was sought in the forms of quotes being obtained. <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>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>2020</p>
<p>3.5 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 4th March 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>Update provided by Housing Operations Manager on 7th July 2020 – as above.</p> <p>Update provided 9th September 2020 stated "This stock control spreadsheet exists presently and will be updated on a regular basis</p>	<p>31st October 2020</p>

			from October 2020 onwards. This will give an indication of stock in store and on vans. The chargehands for each of the three areas will conduct a check of the stock in vans and office based staff a check of the stores. The figures will be reconciled on what is a corporate spreadsheet".	
--	--	--	--	--

Rent in Advance/Rent Deposit Scheme – (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>3.3 Every form used in the Rent in Advance/Rent Deposit (RiA/RD) process which is used to collect the personal data of the client (and/or their family members) needs to be reviewed and a relevant privacy notice added.</p> <p>Furthermore, where personal data is collected and recorded within forms and the Councils are relying on a client's consent to process the information then the relevant consent(s) need to be obtained.</p> <p>The Housing Needs Manager should liaise with the Councils' Senior Information Governance Officer (SIGO) in order to effect this.</p>	<p>The Data Protection Act (DPA) 2018 and General Data Protection Regulation (GDPR) contain specific requirements that the Councils must comply with when collecting and processing a client's personal data, including obtaining consent and providing privacy notices.</p> <p>From our examination of the 'In Principle Financial Assistance Approval' and 'Vulnerability & Suitability' forms we noted that neither contain any details about consent or a privacy notice.</p> <p>As some of the information required to be provided in the 'Vulnerability & Suitability' form can relate to disabilities or illnesses, the personal information being provided is considered sensitive personal data and is therefore subject to more rigorous requirements under the DPA 2018. Furthermore, as sensitive personal information relating to any other residents in the same dwelling as the client is also being requested, separate privacy notices for these other</p>	<p>These forms are part of the homelessness prevention process and are therefore covered by the consents given when a homelessness application is made. The Homeless application form also includes the link to the Councils privacy notice which specifically relates to homelessness related processes.</p> <p>Audit Comment – Advice sought from the Councils SIGO has confirmed a privacy notice link is required on all forms which are used to collect personal data and that depending on the process, consent information may also be required. Therefore we recommend that the SIGO is contacted in order to review the process and confirm whether consents are required within these forms.</p> <p>Housing Needs Manager –</p>	No update yet provided.	None set yet.

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>residents will also be required.</p> <p>Where the required consent and privacy notices are not contained on forms, the Council is in breach of the DPA 2018 and GDPR and should the ICO investigate this the Council may face significant fines.</p>	<p>Agreed</p> <p>Deadline – 30th June 2020</p>		

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

During the period 01/04/2020 to 31/08/2020, CIT have conducted full investigations on 115 cases of Tenancy Fraud, we have also conducted pre-investigations on 99 Homeless Assistance applications and 512 Housing Register Applications, to ascertain their entitlement to access social housing within the Adur & Worthing areas. Since December 2019 CIT is down to two persons, due to maternity leave.

CIT have also assisted with the COVID Business Support Grants, and have investigated one case which we have now passed to central government fraud departments.

Detailed below is the recovery/savings achieved by the CIT from their successful investigations since April 2020:

Investigation type	No of successful investigations	* Saving per case £	Recovery/Saving £
Right to Buy Applications	1	82,800*	82,800
Housing – Housing Register	49	3,240*	158,760
Housing – Homeless Assistance Application	16	3,240*	51,840
			239,400

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