



ADUR & WORTHING  
COUNCILS

Joint Governance Committee  
28 September 2021  
Agenda Item 7

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 status on the implementation of agreed audit recommendations.
- 1.4 An update on Priority 1 recommendations outstanding past the agreed implementation dates.
- 1.5 The draft audit brief for the proposed "Allocation of Costs for Town Centre Public-Realm Improvements".

**2. Recommendations**

**2.1 Recommendation One**

That the Committee note the contents of this report.

**Recommendation Two**

That the Committee consider the draft audit brief for the "Allocation of Costs for Town Centre Public-Realm Improvements" and decide whether this proposed audit should be added to the 2021/22 Audit Plan.

### 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 Annual Internal Audit Plan as well as a summary of work carried out in the period. Internal Audit Services to the Councils, 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, Internal Audit continued to operate post the Covid-19 lockdown restrictions from 23 March 2020, but the progression of work from both the 2019/20 and 2020/21 plans was impacted. Our work re-commenced in July 2020 but due to the nature of remote auditing and our reliance on Council staff providing information there have been some delays in the completion of audits and for which there has been a further impact on the current 2021/22 plan.

#### 4.2 Internal Audit Performance - 2020/21 & 2021/22

Further to 4.1, attached as **Appendices 1 & 2** are summaries of the status of audits from the 2020/21 and 2021/22 plans. All audits from the 2019/20 plan have now been completed.

Internal Audit meets monthly with the Chief Financial Officer (CFO) to discuss progress against the plan as well as regular ongoing contact.

#### 4.3 Final 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 internal 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 used for the Councils' are:

<b>Full Assurance</b>	There is a sound system of control designed to achieve the system objectives and the controls are being consistently applied.
<b>Satisfactory Assurance</b>	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.
<b>Limited Assurance</b>	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.
<b>No Assurance</b>	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 reports are categorised according to the level of priority as follows:

<b>Priority 1</b>	Major issues for the attention of senior management and the Joint Governance Committee.
<b>Priority 2</b>	Other recommendations for local management action.
<b>Priority 3</b>	Minor matters.

Since our report to the Committee in January 2021, nineteen reports have been finalised (seven from the 2019/20 plan, eleven from the 2020/21 plan and one from the 2021/22 plan). Eight P1 recommendations were raised within these reports. Three in the Limited Assurance final report on Management of the Community Buildings (2019/20), two in the No Assurance final report on the Procurement and Contract Management - Housing (2019/20) and three in the Limited Assurance final report on Project management (2020/21).

A summary of these final reports, 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 2018/19**

	Total Due	Imp	%	Carried Over (Not Impl'd)	%	Overdue	%	Overdue & No Response	%	Total % NOT Impl'd	Not Due	Total
<b>P1</b>	17	14	82.4%	0	0%	3	17.6%	0	0%	17.6%	1	18
<b>P2</b>	112	103	92.0%	0	0%	9	8.0%	0	0%	8.0%	4	116
<b>P3</b>	41	38	92.7%	0	0%	2	4.9%	1	2.4%	7.3%	1	42
<b>Total</b>	<b>170</b>	<b>155</b>	<b>91.2%</b>	<b>0</b>	<b>0%</b>	<b>14</b>	<b>8.2%</b>	<b>1</b>	<b>0.6%</b>	<b>8.8%</b>	<b>6</b>	<b>176</b>

#### 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	14	8	57.1%	0	0%	3	21.45%	3	21.45%	42.9%	3	74
P2	68	48	70.6%	0	0%	9	13.2%	11	16.2%	29.4%	8	76
P3	13	13	100%	0	0%	0	0%	0	0%	0%	1	14
<b>Total</b>	<b>95</b>	<b>69</b>	<b>72.6%</b>	<b>0</b>	<b>0%</b>	<b>12</b>	<b>12.6%</b>	<b>14</b>	<b>14.7%</b>	<b>27.4</b>	<b>12</b>	<b>107</b>

#### Status of recommendations 2020/21

	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%	3	3
P2	3	2	66.7%	0	0%	0	0%	1	33.3%	33.3%	19	22
P3	1	1	100%	0	0%	0	0%	0	0%	0%	8	9
<b>Total</b>	<b>4</b>	<b>3</b>	<b>75%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>1</b>	<b>25%</b>	<b>25%</b>	<b>34</b>	<b>34</b>

Attached as **Appendices 4, 5 & 6**, are tables which summarise the outstanding recommendations made in final audit reports from audits contained in the 2018/19, 2019/20 and 2020/21 Audit Plans. The shaded boxes indicate where changes have occurred since our last report.

We are also continuing to follow up on six recommendations (all Priority 2) which remain outstanding from audits contained in the 2016/17 Audit Plan and 14 recommendations (three Priority 1, seven Priority 2, three Priority 3 and one other) from audits in the 2017/18 Audit Plan.

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

There are 12 outstanding Priority 1 recommendations detailed within this report compared to 13 reported to the Committee in January 2021.

#### 4.5 Draft audit brief for “Allocation of Costs for Town Centre Public-Realm Improvements” audit

At its' meeting on 23<sup>rd</sup> March 2021 the Committee considered the proposed 2021/22 Audit Plan and an additional audit regarding the 'allocation of costs and funding for town centre / public realm improvements' was proposed by a Member. The Committee agreed that an audit brief be created in consultation with the Acting Head of Internal Audit and Chief Financial Officer and brought back to Committee for consideration. Attached at **Appendix 8** is the draft audit brief for the Committee's consideration.

## **5. Engagement and Communication**

- 5.1 Internal Audit hold 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:**

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## **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.

## Status of 2020/21 Internal Audit Plan

## Appendix 1

Audit	Field Work complete	Draft Issued	Final Issued	Assurance level	1	2	3	Total
Env Serv - Review of Procurement arrangements	Y	UR						
Rent Collection and Recovery	Y	Y	Y	Satisfactory	0	1	1	2
Covid-19 Governance	Y	Y						
Food Depot	Y	Y	Y	Satisfactory	0	0	2	2
Building Control	Y	Y	Y	Satisfactory	0	6	1	7
Leaseholder Charges	Y	Y	Y	Satisfactory	0	3	0	3
Elections & Referendums	Y	Y	Y	Satisfactory	0	2	2	4
Budget Monitoring	Y	Y	Y	Full	0	0	0	0
Community Grants	Y	Y						
Revenues & Benefits additional discounts	Y	Y	Y	Satisfactory	0	0	1	1
Environmental Services - Stores	Y	Y	Y	Satisfactory	0	1	1	2
Adur Promotions Service	Y	Y	Y	Limited	0	3	4	7
Incident & Problem Management	Y	Y	Y	Satisfactory	0	2	1	3
Housing – Contracts Fact Find	Y	UR						
Project Management	Y	Y	Y	Limited	3	2	0	5
Disabled Facilities Grants	Y	Y	Y	Satisfactory	0	1	1	2
Risk Management	Y	Y	Y	Satisfactory	0	2	0	2
Key Controls Compliance	Y	Y	Y	Full	0	0	0	0
Cyber Security	Y	Y						
GDPR compliance	Y	Y	UR					

### **Key:**

WIP – Work in progress

P – Audit has been planned

UR – work is under review

## Status of 2021/22 Internal Audit Plan

## Appendix 2

Audit	Field Work complete	Draft Issued	Final Issued	Assurance level	1	2	3	Total
BEIS Grants - Post Assurance Plan work	WIP			No opinion work				
Key controls testing	WIP							
NFI Testing	WIP			No opinion work				
Street Naming & Numbering	Y	Y	Y	Satisfactory	0	0	1	1
Governance of Property Purchases	Y	UR						
Out of Hours Service	WIP							
Payroll	Y	Y						
Compliance & Enforcement Grant	Y	N/A	N/A	No opinion work	N/A	N/A	N/A	N/A
Corporate Governance	Y	UR						
Env Services - Risk Assessments								
Adur Homes - Regulatory Compliance - Fire Safety								
Housing - General Compliance								
Anti Social Behaviour								
Carbon Reduction Programme	P							
Civica/Connect HR system								
Cash collection	P							
IT Asset Management								
Self Isolation Grants								
Theatres - Procurement & Contract Management	P							
Condition Surveys contract - vertical audit								
Staff Wellbeing								
Allocation of Costs for Town Centre/Public Realm Improvements	P							
Planning Policy								
Markets								
Adur Homes - Capital works programme								
Supply of Affordable housing	P							
Risk Management	P							
Equalities Act Compliance	P							
Other contract audit - to be determined								
Welfare Reform								
Debt Management								
Workspaces AW - Accommodation Review								

### 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
Land Charges (2019/20)	<b>Satisfactory</b> (2 Priority 2 recommendations)	No Priority 1 issues raised
Management of Community Buildings (2019/20)	<b>Limited</b> (3 Priority 1 and 4 Priority 2 recommendations)	The Priority 1 recommendations related to: <ul style="list-style-type: none"> <li>• The need for a Community Buildings Policy</li> <li>• How signed leases should be stored</li> <li>• Managing &amp; Monitoring of Tenancy Agreements and Leases.</li> </ul>
Business Continuity (2019/20)	<b>Satisfactory</b> (1 Priority 3 recommendation)	No Priority 1 issues raised
Management of Capital Programme (2019/20)	<b>Full</b> (No recommendations raised)	
Contract audit - Concrete Repairs - Grafton Car Park (2019/20)	<b>Full</b> (No recommendations raised)	
Procurement & Contract Management – Housing (2019/20)	<b>No</b> (2 Priority 1 recommendations)	The priority 1 recommendations raised related to: <ul style="list-style-type: none"> <li>• The need to review and update the Contracts Register, timetabling of contracts valued over £100k, update of Contract Standing Orders</li> <li>• Producing KPI reports, reporting of such and maintenance of notes on KPI discussions within contractor meetings</li> </ul>
Starters, Movers & Leavers (2019/20)	<b>Limited</b> (4 Priority 2 recommendations)	No Priority 1 issues raised
Building Control (2020/21)	<b>Satisfactory</b> (6 Priority 2 and 1 Priority 3 recommendations)	No Priority 1 issues raised
Adur Promotions Service (2020/21)	<b>Limited</b> (3 Priority 2 and 4 Priority 3 recommendations)	No Priority 1 issues raised

Audit (Plan Year)	Assurance Level & Number of Issues	Summary of key issues raised
Environmental Services – Stores (2020/21)	<b>Satisfactory</b> (1 Priority 2 and 1 Priority 3 recommendations)	No Priority 1 issues raised
Leaseholder Charges (202/21)	<b>Satisfactory</b> (3 Priority 2 recommendations)	No Priority 1 issues raised
Disabled Facilities Grant (2020/21)	<b>Satisfactory</b> (1 Priority 2 and 1 Priority 3 recommendations)	No Priority 1 issues raised
Risk Management (2020/21)	<b>Satisfactory</b> (2 Priority 2 recommendations)	No Priority 1 issues raised
Elections & Referendums (2020/21)	<b>Satisfactory</b> (2 Priority 2 and 2 Priority 3 recommendations)	No Priority 1 issues raised
Key Controls Compliance (2020/21)	<b>Full</b> (No recommendations raised)	
Revenues & Benefits – Additional Discounts (2020/21)	<b>Satisfactory</b> (1 Priority 3 recommendation)	No Priority 1 issues raised
Project Management (2020/21)	<b>Limited</b> (3 Priority 1 and 2 Priority 2 recommendations)	The Priority 1 recommendations raised were for: <ul style="list-style-type: none"> <li>• Maintaining details of projects and project managers</li> <li>• The need for central retention of documentation</li> <li>• Monitoring and Reporting arrangements</li> </ul>
Incident and Problem Management (2020/21)	<b>Satisfactory</b> (2 Priority 2 and 1 Priority 3 recommendations)	No Priority 1 issues raised
Street Naming & Numbering (2021/22)	<b>Satisfactory</b> (1 Priority 3 recommendation)	No Priority 1 issues raised





# Status of outstanding audit recommendations 2019/20

# APPENDIX 5

	Joint Audit	Final Report Date	Assurance level	Total No of Recs for FU	Number of agreed recs completed	1	2	3	Other	% of recs completed	Number of recs outstanding	1	2	3	Other	% of recs outstanding	Comments
<b>Director for Communities</b>																	
<b>Housing</b>																	
Tenancy Management	ADC only																
Rent in Advance	*	Mar-20	Limited	11	4	0	3	1	0	36%	7	1	6	0	0	64%	All 7 o/s recs now overdue, no recent update provided including P1. Update requested 28/4/21 & 14/9
Regulatory Compliance	ADC only	Aug-20	Limited	8							8	2	6	0	0	100%	All recs now overdue - updates provided and deadlines revised to Dec 21.
Homeless Reduction Act compliance	*	Sep-20	Limited	5	5	0	3	2	0	100%							COMPLETE
Allocations	*	Dec-19	Satisfactory	2	2	0	1	1	0	100%							COMPLETE
<b>Wellbeing</b>																	
Management of Community Buildings	*	Jun-21	Limited	2							2	1	1	0	0	100%	Recs will be followed up through App when due
<b>Director of Digital &amp; Resources</b>																	
<b>Revenues &amp; Benefits</b>																	
Revenues & Benefits	*	Feb-20	Satisfactory	1	1	0	0	1	0	100%							COMPLETE
<b>Financial Services</b>																	
Cashiering	*	Feb-20	Satisfactory	1	1	0	1	0	0	100%							COMPLETE
Budget Development	*	Oct-19	Satisfactory	1	1	0	1	0	0	100%							COMPLETE
VAT Arrangements	*	Oct-19	Satisfactory	1	1	0	0	1	0	100%							COMPLETE
<b>Customer &amp; Digital Services</b>																	
Management of Call Centre volumes	*	Aug-19	Satisfactory	1	1	0	1	0	0	100%							COMPLETE
Risk Management	*	Apr-20	Satisfactory	4	4	0	4	0	0	100%							COMPLETE
<b>Legal Services</b>																	
Corporate Governance	*	Jan-20	Satisfactory	1	1	0	0	1	0	100%							COMPLETE
Decision Making	*	Sep-19	Satisfactory	1							1	0	1	0		100%	Rec was due on 31/10/19 - updates requested on several occasions but none provided
<b>Human Resources</b>																	
Data input & accuracy	*	Feb-20	Limited	10	10	1	8	1	0	100%							COMPLETE
Apprenticeships	*	Apr-20	Satisfactory	5	5	0	5	0	0	100%							COMPLETE
<b>Business &amp; Technical Services</b>																	
Asbestos Management (non Housing)	*	Jul-20	Satisfactory	1	1	0	1	0	0	100%							COMPLETE
Business Continuity	*	Mar-21	Satisfactory														No applicable recs to follow up
Building Maintenance Compliance (non Housing)	*	Jul-20	Limited	9	9	4	5	0	0	100%							COMPLETE
<b>Director for Economy</b>																	
<b>Planning &amp; Development</b>																	
Land Charges	*	Jan-21	Satisfactory	2							2	0	2	0	0	100%	2 recs now overdue - update requested 14/9
Planning Enforcement	*	Jan-20	Limited	9	8	0	7	1	0	89%	1	0	1	0	0	11%	Deadline for outstanding rec was revised to 26/5/21 but no update since
<b>Major Projects &amp; Investment</b>																	
Management of Major Projects	*																
Management of the Commercial Property Portfolio	*	Oct-20	Limited	8	2	0	1	1	0	25%	6	3	3	0	0	75%	All recs inc 3 P1 recs now overdue - rec owner has left Council and resp for recs needs to be re-assigned. HoS emailed 28/4/21 & 15/9 for update



# Status of outstanding audit recommendations 2020/21

# APPENDIX 6

	Joint Audit	Final Report Date	Assurance level	Total No of Recs for FU	Number of agreed recs completed	1	2	3	Other	% of recs completed	Number of recs outstanding	1	2	3	Other	% of recs outstanding	Comments
<b>Director for Communities</b>																	
<b>Housing</b>																	
Rent Collection & Collection of arrears	ADC only	Oct-20	Satisfactory	1							1	0	1	0		100%	Rec now overdue - update requested 15/9
Leaseholder Charges	ADC only	Sep-21	Satisfactory	3							3	0	3	0	0	100%	Recs will be followed up through App when due
Disabled Facilities Grants	*	Jul-21	Satisfactory	2							2	0	1	1	0	100%	Recs will be followed up through App when due
<b>Environmental Services</b>																	
Review of Procurement arrangements	*																
Stores	*	Apr-21	Satisfactory	2	2	0	1	1	0								COMPLETE
<b>Director of Digital &amp; Resources</b>																	
Risk Management	*	Jul-21	Satisfactory	2	1	0	1	0	0	50%	1	0	1	0	0	50%	Rec will be followed up through App when due
<b>Financial Services</b>																	
Key controls compliance	*	Aug-21	Full														No recs to be followed up
Payroll	*	DRAFT															
Budget Monitoring	*	Jan-21	Full														No recs to be followed up
<b>Customer &amp; Digital Services</b>																	
Elections & Referendums	*	Aug-21	Satisfactory	3							3	0	2	1	0	100%	Recs will be followed up through App when due
<b>Director for Economy</b>																	
<b>Planning &amp; Development</b>																	
Building Control	*	Jul-21	Satisfactory	6							6	0	5	1	0	100%	Rec will be followed up through App when due
<b>Place &amp; Economy</b>																	
Adur Promotions Service	ADC only	Apr-21	Limited	7							7	0	3	4	0	100%	Rec will be followed up through App when due
<b>COVID AUDITS</b>																	
Covid-19 Governance	*	DRAFT															
Community Grants	*	DRAFT															
Food Depot	*	Nov-20	Satisfactory														No applicable recs to follow up
Revs & Bens additional discounts	*	Aug-21	Satisfactory														
<b>COMPUTER AUDITS</b>																	
Incident & Problem Management	*	Apr-21	Satisfactory	3							3	0	2	1	0	100%	Recs will be followed up through App when due
Cyber Security	*	DRAFT															
GDPR	*	DRAFT															
<b>CONTRACT AUDITS</b>																	
Housing -Fact Finding	ADC only	DRAFT															
<b>CROSS SERVICE REVIEWS</b>																	
Project Management	*	Jul-21	Limited	5							5	3	2	0	0	100%	Rec will be followed up through App when due

## 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><b>3.1</b> 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"> <li>Outline any local policy decisions in respect of the management of leaseholders, recovery of charges etc. and detail how these requirements will be achieved;</li> <li>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</li> <li>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).</li> </ul> <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 - 30<sup>th</sup> 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<sup>th</sup> 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 3<sup>rd</sup> 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>Update provided by Interim Leasehold Manager on 31<sup>st</sup> July 2020 stated "Adur Informal Cabinet agreed in July that draft policy</p>	<p>30<sup>th</sup> September 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>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”.</p> <p>Update provided on 9<sup>th</sup> September 20 stated “Draft policy updated after Adur Informal Cabinet; report going to JSC October”.</p> <p>Update provided by Interim Leasehold Manager on 6<sup>th</sup> November stated “Approved JSC October, proceeding with consultation with leaseholders and will then come back to JSC”.</p> <p>Update provided by the new Leasehold and Right to Buy Manager stated “The Leasehold Management Policy has been drafted and has been presented for final comments to the newly formed Leasehold Forum, and will hopefully be finally signed off by the JSC in Sept.</p>	
<p><b>3.32</b> 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</p>	<p>The arrangements will be reviewed with Finance and Legal.</p> <p>Deadline - 31<sup>st</sup> March 2019</p>	<p>As above.</p> <p>Update provide by Housing Operations Manager on 4<sup>th</sup> 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 process of drawing up these options.</p>	<p>30<sup>th</sup> September 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>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"> <li>• 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.</li> <li>• 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.</li> <li>• The Cabinet decision in July 2010 states the administration fee for deferred payments as £100 yet the Paying for Major Work information states £90.</li> </ul> <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</p>		<p>Update provided on 29<sup>th</sup> June 2020 confirmed this recommendation is being processed in line with other recommendations and the deadline has been revised.</p> <p>Update provided on 9<sup>th</sup> September 2020 confirmed that the updated policy will be presented to Informal Cabinet in Oct/Nov – deadline revised.</p> <p>Update provided by Interim Leasehold Manager on 30<sup>th</sup> November stated "we are in discussion with Boom about their managing MW extended payment/"loan" arrangements. Waiting for their proposal. will then go to members".</p> <p>Update provided by the new Leasehold and Right to Buy Manager stated "the Major Works Payment Options Policy has been drafted and has been submitted to the Leasehold Forum for comment, again this will be submitted for sign off by the JSC in Sept".</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>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> <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><b>3.33</b> 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</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</p>	<p>This will be reviewed with Finance and Legal.</p> <p>Deadline - 31<sup>st</sup> March 2019</p>	<p>As above.</p>	<p>30<sup>th</sup> September 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>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>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"> <li>• how instalments and interest would be applied to Owner Accounts;</li> <li>• monitoring;</li> <li>• how the Council would legally stand in recovering any arrears of interest etc. if charges were not made against properties; and</li> <li>• their ability to calculate interest on loans and setting-up loan/instalment agreements with interest;</li> </ul> <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</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
	and this may impact on the Council's ability to recover all relevant costs leading to possible financial loss.			

### 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. 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"> <li>• The need to register and publish notice of key and exempt decisions at least 28 days in advance; and</li> <li>• The need to inform the Monitoring Officer of any sub-delegations of duty.</li> </ul> <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 &amp; 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 - 31<sup>st</sup> December 2019</p>	<p>Update provide by Monitoring Officer on 24<sup>th</sup> 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>Update provided by Monitoring Officer on 6<sup>th</sup> November 2020 confirmed Governance and decision making training (28 day notice, publication of decisions etc) was completed in October 2019 and sub delegation training was</p>	<p>30<sup>st</sup> April 2021</p>

			<p>conducted with every head of service by the end of 2019.</p> <p>Induction training on governance matters is not yet in place.</p> <p>The deadline has therefore been extended to allow for the completion of this training.</p> <p>The Interim Head of Legal confirmed that she needs to review this and will provide an update.</p>	
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### 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"> <li>- How Building Services will procure materials (i.e. through the use of one contracted supplier and/or the use of local suppliers);</li> <li>- The quality standards expected when purchasing materials;</li> <li>- Levels of stock to be held;</li> <li>- Considerations to be made when purchasing (i.e. whether purchasing more costly LED lights will reduce Operative and overhead costs in the long term);</li> <li>- Any specific brands to be prioritised when purchasing, considering any historic use of these and the lower cost and time implications in replacing these; and</li> <li>- When and/or how the Service will stock vans (i.e. Operatives are only given the supplies to do each job and/or</li> </ul>	<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 - 31<sup>st</sup> March 2020</p>	<p>Update provided on the 7<sup>th</sup> 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"> <li>• How we run down our existing stock and manage risk</li> <li>• The level of threshold stores that we will retain' somewhere between £3K - £10k.</li> </ul>	31 <sup>st</sup> December 2021

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).

Where standards are established, they should be documented and reviewed on an annual basis. Management should then monitor to ensure that standards are met.

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”.

Update provided on 9<sup>th</sup> Sept 20 states that:-

Adur Homes are working with procurement on creating a 2 - 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.

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.

- 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

Procedural guidance will be developed in parallel with the above under the headings indicated. These will show interim arrangements for the period October 2020 -

			<p>January 2021 and then future arrangements from January 2021 onwards.</p> <p>Updated provided on 27th October 2020 confirmed that arrangements will not be in place until the procurement has been completed. Deadline extended.</p> <p>Update provided on 24<sup>th</sup> August 2021 confirmed that the procurement is out to tender. Deadline extended.</p>	
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### Housing Repairs – Matsoft Processes 2018/19 - (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>3.17</p> <p>1) Adur Homes should review the arrangements in place for the contractors used to provide repair works, and where necessary, arrange for contract procurement exercises to be undertaken.</p> <p>2) Furthermore, regular meetings should be held with contractors to whom Adur Homes regularly allocate repair works and action points arising from each meeting should be documented. The Dashboard information on pending jobs should be used in contract management meetings</p>	<p>The Council's Contract Standing Orders require that where spend over certain levels occurs, specific procurement processes are followed in order that contracts are in place for the provision of services. Regular contract monitoring meetings help to ensure that the performance of contractors is discussed and dealt with in a timely manner.</p> <p>It was established from discussions with the Contracts Compliance Manager that, for many of the contractors used by the Repairs service, there is no contract or Service Level Agreement (SLA) in place and regular contract monitoring meetings do not take place. We also noted his concerns that where arrangements are not in place that the Council has limited means of ensuring a job is completed in time, see example in recommendation 3.8 where a job has been waiting completion by a specific contractor since June 2018.</p>	<p>Agreed. There has been a recent meeting with Procurement and Directors to look at the Contracts Register and create a programme to review contractors used in order to get contracts and Service Level Agreements (SLAs) in place. For each contractor used the review should look at and consider spend, value for money and current service.</p> <p>Deadline – 30<sup>th</sup> November 2020</p>	<p>Update provided on 1 July 2021 states "We have identified the top 4 most urgent contracts to procure and are working on the specification. We also have an external consultant working to help writing the documents.</p> <p>Recommendation is partly implemented - deadline extended.</p>	<p>31<sup>st</sup> December 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>The recommendation in relation to contract monitoring meetings was also raised in the 2017/18 Housing Repairs audit report.</p> <p>Where contracts are not in place for companies providing regular repairs works, there is a risk that the Council is failing to comply within its' Contract Standing Orders. Where there is no contract in place with a works supplier there is a risk that the Council has no means of enforcing that contractors complete works in the required timescales and this may lead to poor customer service. Where there are no regular monitoring meetings, there is a risk of inadequate control over the performance of contractors.</p>			

### Rent in Advance/Rent Deposit Scheme 2019/20 (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</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 &amp; 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 &amp; Suitability'</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><b>Audit Comment</b> – 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</p>	<p>No update yet provided.</p>	<p>None set yet.</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
Information Governance Officer (SIGO) in order to effect this.	<p>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 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>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 – Agreed</p> <p>Deadline – 30<sup>th</sup> June 2020</p>		

#### Regulatory Compliance (Housing) – (Final Issued August 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
3.4 Adur Homes should review when the last Asbestos management surveys were undertaken and urgently progress any outstanding ones. Furthermore, the outcomes of the surveys should be recorded and monitored, and a monitoring process should be effected to ensure that assessments are undertaken every 12 months.	<p>Section 4 of the CAR12 requires that every property has to have an asbestos management plan and that an asbestos register is retained. Asbestos surveys are required to be conducted every 12 months. An 'Asbestos Management Survey' spreadsheet exists to record where asbestos has previously been identified within housing properties. We tested a sample of ten properties to establish when the last asbestos survey had been completed and found that:</p> <ul style="list-style-type: none"> <li>• nine had not had a survey carried out within the last 12 months, (eight were last undertaken in 2017 with the remaining one in 2018), and</li> <li>• the outcomes of two surveys had not been recorded on the</li> </ul>	<p>We have recently undertaken re-inspections on our blocks and this will continue to be done annually.</p> <p>We are still lacking data for many of the dwellings and do not have an up to date asbestos register that can be viewed and edited onsite, Adur and Worthing Councils are in the process of purchasing an asbestos management system called Alphatracker which will store all of our asbestos surveys and data and will be able to be viewed and edited from site so that records remain up to date.</p>	<p>Update provided on 29/12/20 confirmed that “Adur Homes do not have anyone in position to progress this action at present, so this action deadline will need to be extended”.</p> <p>1st July 2021 update states "The C&amp;FSM has now been recruited (18/01/21) once their training is completed they will be reviewing the risk assessments and identifying where further action is required. This is currently being looked at by our external contractors. They are carrying out a gap analysis of properties</p>	31 <sup>st</sup> December 2021

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
	'Asbestos Management Survey' spreadsheet. Where the Council does not carry out an asbestos survey every 12 months, the Council is in breach of the regulations and can face penalties. There is also a risk that residents health and safety is put at risk leading to potential lawsuits, financial penalties and reputational damage.	Deadline - 1 <sup>st</sup> December 2020	and garages. They will then procure a contractor to carry out these works. looking to use t100 to help monitor and record actions/requirements".  Deadline extended	
<p>3.7 Management should monitor and record the outcomes of inspections and/or maintenance visits to ensure any rectification needed is identified. Management should also ensure that any rectifying actions undertaken address the issues originally identified/raised. Where applicable, any documentation (inspection reports, new certificates etc) received which support the completion of rectification works should be retained. Rectification of recommended actions and/or issues identified should be performed in a timely manner and/or in line with established timescales (i.e. recommended by specialists or legislation).</p>	<p>Any issues identified during regulatory inspections should be remedied in a timely manner to ensure that staff and the public are safe and that Council is compliant with relevant legislation. Testing of the inspections required across 60 properties (for the six different key areas examined) found that:</p> <ul style="list-style-type: none"> <li>• Asbestos: Eight (out of ten) properties needed follow up works to be carried out as asbestos had been identified as part of the most recent inspections (2017/18) but no follow up works had been evidenced as carried out for these eight properties.</li> <li>• Electrical: Two (out of ten) properties tested included recommendations as a result of the most recent inspections undertaken. These were all 'C3' recommendations which are deemed to be 'best practice' and non-urgent. We confirmed that for one of the properties remedial actions were taken in December 2018 but for the remaining property no works had been undertaken.</li> <li>• Water/Legionella: All ten properties tested had recommendations raised as part of the most recent report obtained from Envirocure in January and February 2019 but none of these recommendations were acted upon until work notices were issued on 23 January 2020 for all properties.</li> <li>• Lifts: Two (out of</li> </ul>	<p>Agreed, any actions arising from compliance inspections should be recorded and rectified in a timely manner.</p> <ul style="list-style-type: none"> <li>• Asbestos: We have recently undertaken re-inspections of all sites which have asbestos identified in the 2017/18 reports, any actions required as a result of these inspections will be recorded and prioritised accordingly. Mark Whitfield is assisting us with reviewing the re-inspections as Adur Homes does not currently have a member of staff with P405 qualification.</li> <li>• Electrical: Due to budget pressures we do not undertake C3 recommendations unless the property is in an overall state whereby it requires a rewire due to other C1 and C2 failures. It is not a regulatory requirement for the Council to undertake C3 recommendations.</li> <li>• Legionella and Lifts: All actions have now been completed, we are looking to increase staff resources in compliance so that each of the services has an assigned contract manager. Currently the</li> </ul>	<p>This action has been partially resolved, For <b>Gas</b> compliance we employ PCM to review LGSR certificates, installations and servicing. PCM raise issues directly with the gas servicing contractor (K&amp;T) and provide Adur Homes with a monthly report which details any open issues. This data will also be reviewed in contract management meetings.</p> <p>For <b>Electrical</b> we have a process whereby the electrical contractor will submit a request for remedial works following an electrical test via our repairs system, this ensures that any instances of non-compliance are tracked and resolved in a timely manner. This data will also be reviewed in contract management meetings.</p> <p><b>Asbestos</b> - We use Functio Ltd to undertake reviews of asbestos management surveys, the outcomes of these are monitored in the asbestos task and finish group. We are aware that we need to undertake more monitoring of all surveys and are</p>	<p>31st December 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>ten) lifts tested where in need of further remedial actions. In one case this was undertaken 76 days from the report/inspection date. For the remaining case, there was no evidence of remedial works being undertaken. Both these cases were stair lifts and not passenger lifts.</p> <ul style="list-style-type: none"> <li>• Gas: In all ten cases inspections had been undertaken and none of the properties tested had any follow-up actions noted.</li> <li>• Fire: Seven (out of ten) properties had a Fire Risk Assessment completed within the last year, the reports were retained and results recorded. The other three were in progress.</li> </ul> <p>Where issues identified from compliance checks are not rectified in a timely manner and management do not monitor these to ensure that rectification occurs in a timely manner, there is an increased risk that the Council continues to be non-compliant and risks the health and/or safety of the public/staff.</p>	<p>Compliance Manager is responsible for all services within compliance which. A Compliance and asset management system would automate this and would highlight areas of noncompliance via regular reporting. We currently have to manage action lists across compliance manually which can lead to actions being missed due to time pressures and human error.</p> <ul style="list-style-type: none"> <li>• FRA: There have been some minor delays with fire risk assessments but we are now on target to have all sites fire risk assessed within the required timescales (annual for Sheltered and Bi-annual for General needs).</li> </ul> <p>Maintenance Manager Deadline – 1<sup>st</sup> November 2020</p>	<p>currently seeking to recruit a Housing Compliance and Fire Safety Officer to fulfil this duty.</p> <p><b>Legionella</b> - Following water risk assessments and monthly sampling being undertaken, any defects or remediations are quoted via email, follow on jobs are then raised and are monitored via our repairs system. We are in the process of making our water service provider an online contractor so that defects can be raised and monitored on the compliance system which will ensure that defects are tracked and reported on by the 31st December 2020, this data will also be reviewed in contract management meetings.</p> <p>Can we extend the deadline until 31st January 2021 as we are in the process of recruiting to a post which if successful will enable us to carry out the additional asbestos monitoring.</p> <p>Update provided on 24<sup>th</sup> December stated "Recruitment of the Compliance Fire Safety Officer role has been completed and expected start date is 12th January 2021. The new recruit will need to undertake the relevant Asbestos training, before any asbestos monitoring can be carried out, so this action will also need to be extended".</p> <p>1 July update states " Emergency lighting function and discharge testing and weekly fire alarm testing is now on T100. This</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
			allows the results to be tracked and prompts users to raise remedial works should it be required. SHO's and Building Services are using these checklists. The FSM and C&FSO monitor T100 for compliance. FRAs are now 80% on T100 and all actions from the FRAs have been uploaded and allocated. In addition to previous comments, we are looking to use t100 to ensure records and requirements of estate inspections are recorded, this is being undertaken in conjunction with NPS". Deadline extended.	

### Management of the Commercial Property Portfolio 2019/20 - (Final Issued October 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
3.2 The Councils should ensure background checks are completed on all new tenants. Evidence of this should be maintained in a centralised location in order that both the Estates and Legal teams have access.	<p>Undertaking and maintaining supporting evidence of background and identity checks will assist the Councils confirm that their properties are only let to bone-fide persons.</p> <p>During the audit we confirmed with both the PIM and Legal Services that background and identity checks are not being performed in respect of new tenants.</p> <p>Where background and identity checks are not completed on new tenants and the evidence held in a central location, there is a risk that Council properties may be let to persons whom the Council has no knowledge of. This may lead to</p>	Where properties are marketed through appointed agents (RICS) Anti-Money Laundering checks are undertaken by the Councils' agents, however we propose that installation of a new process (and addition as part of the lease renewal process on the app) to check tenant identifications. Reference and learning will be undertaken from <a href="https://www.rics.org/globalassets/rics-website/media/upholding-professionalstandards/standards-of-conduct/countering-money-laundering-1st-edition-rics.pdf">https://www.rics.org/globalassets/rics-website/media/upholding-professionalstandards/standards-of-conduct/countering-money-laundering-1st-edition-rics.pdf</a> and a relevant whole team CPD to	Update provided on 12 <sup>th</sup> January 2021 by Property & Investment Manager states "In relation to the AML requirements, significant progress has been made. The Principal Property Surveyor has met with Legal and Finance colleagues to put in place a new process. The Council must have an appointed AML officer, which is currently un-filled and following the most recent departure of the Head of Legal, information is awaiting from the Interim Head of Legal as to where this responsibility will sit. It is expected that this role will take	31 <sup>st</sup> March 2021

Recommendation (Reference & content)	Findings and Risk as outlined in Final Audit Report	Agreed Action, Comments & Original Implementation deadline	Follow Up Comments	Proposed Completion Date
	inappropriate use of Council premises and/or loss of income if the new tenant has financial issues.	ensure that both officers are trained and understand both the process and risks associated. Work will also be undertaken to provide assurance that these checks are being undertaken and legal services consulted as part of the above.  Deadline - 31 <sup>st</sup> December 2020	responsibility for completing any required AML checks for property transactions. We will continue to work with legal colleagues to agree this process and work is underway but unavoidably delayed to-date".	
3.5 Lease renewal processes should be started in sufficient time to allow for the new lease to be completed to take effect when the current lease expires. Starting the renewal process well before expiry would also provide the Council with the time to re-let the premises should the current tenant not wish to renew their lease.	Timely lease renewal ensures that the Councils can complete renewal processes or re-letting of the lease prior to the current lease expiring and thus ensuring that income is maximised.  From our testing on a sample of ten lease renewals we identified:  - two instances (191017 and 200214) where the DAR was signed off by the PIM after the lease expiry date; and  - four instances (191007, 191017, 191031 and 200214) where the new lease was not completed in a timely manner (being 31, 117, 91 and 155 days respectively) between the lease expiry date and the new lease date.  Where lease renewals are not carried out in a timely manner, there is an increased risk that there is a period where no lease agreement is in place and this may result in loss of income.	This is agreeable for leases that are contracted out of the Landlord and Tenant Act 1954. For properties that hold over or have acquired 'act rights' and have a legal right to a continuation tenancy timing is not of the essence and property managers are able to take a view on potential risk of reducing the income or impacting the flexibility to end the secure tenancy by triggering a new lease if this is not necessary. For leases that are contracted outside of the LTA '54, renewals should be undertaken in sufficient time. Ongoing and regular tenant engagement is critical to helping property management surveyors make informed decisions in relation to the portfolio management with regards to tenants' plans and potential voids etc. Additional capacity in the estates team means that inspections are already undertaken in a more timely manner and the lease expiries noted above and those considered as part of the audit. Where renewals are not completed prior to expiry tenants should be put on	No update 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>a tenancy at will to cover any interim period and will enable both parties positions to be protected. New leases can be backdated and this should only be used for shorter periods of up to 1 year unless a highly complex cases. Where possible new leases should be in place prior to expiry, or at least heads of terms agreed.</p> <p>Deadline 31<sup>st</sup> March 2021</p>		
<p>3.7 Rent reviews should be conducted in a timely manner. Where it is not possible to conduct the review when it is due or there is a delay in conducting the review, the reason should be recorded within the App against the relevant property for future reference.</p>	<p>Rent review requirements, and the date they are due, are stipulated in the lease. Completing rent reviews in a timely manner assists the Councils in ensuring that any rent changes are effected as near to the review date as possible in order that the Council can maximise rental income. From our testing of the two rent reviews undertaken during the last year we identified that both were not completed in a timely manner from when they were due. One was completed in excess of two years after it was due and the other was completed six years after it was due. Where rent reviews are not completed in a timely manner, there is an increased risk that rental income is impacted.</p>	<p>There are often strategic and political reasons for rent reviews not being implemented and it is thought that this will be exacerbated as a result of the current Covid-19 pandemic. Legally rent reviews, unless stated in the lease, are not 'time of the essence'. It is accepted that undertaking rent reviews in a timely manner reduces the risk to loss of income. We would agree that tenants should be notified of rent review at the rent review date and negotiations undertaken in a timely manner where appropriate for the individual tenancy and circumstances. Where there are reasons for not progressing rent reviews in a timely manner, these will be clearly documented in the notes section of the Estates App.</p> <p>Deadline 29<sup>th</sup> June 2021</p>	<p>No update provided</p>	<p>None set yet</p>



## DRAFT AUDIT BRIEF – PUBLIC REALM ALLOCATION OF COSTS

### 1. INTRODUCTION.

- 1.1 The public realm is made up of streets and spaces that can be freely accessed by the public. It encompasses streets, parks, squares, pedestrian and cycle routes as a network of interconnected spaces. Good quality public realm is considered essential in creating environments that people want to live and work in.
- 1.2 Working with partners, the Councils have delivered a number of projects that are considered to have positively contributed to the development of the area, including:
- Montague Place (Worthing)
  - Queensway and Queensway Parade (Lancing)
  - East Street (Shoreham)
  - Ferry Road Beach Gateway (Shoreham-by-Sea)
- 1.3 Other projects have focused on public realm improvements that reinforce the image and identity of different areas of the District and Borough. In order to deliver these projects, the Councils work with funding partners in order to provide a co-ordinated approach to the design of public realm in their town centres. Funding for projects is provided through a variety of sources such as West Sussex County Council, Coast to Coast LEP, and the Government through the Welcome Back Funding initiative.
- 1.4 This audit, which is intended to examine how decisions are made to allocate funding to projects, was requested by Members of the Joint Governance Committee and is being carried out as part of the 2021/22 Strategic Audit Plan.

### 2. OBJECTIVES AND METHOD.

- 2.1 Our overall audit objective is to review the controls and processes, financial and non-financial, in order to provide management with an objective independent opinion on the adequacy and effectiveness of the controls and processes in operation.
- 2.2 In order to achieve the objectives a systems-based approach will be used to examine the control environment. This will require interviewing the relevant officers within the Councils in order to ascertain the procedures in operation, examining and reviewing relevant records and documentation, identifying the internal controls, and reviewing and / or testing of the controls in operation.
- 2.3 The findings, conclusions, and subsequent recommendations arising therefrom will be presented at an exit meeting to be arranged with the **xx**. Following the exit meeting, a draft report will be issued encompassing the auditee's initial comments.
- 2.4 Upon receipt of the formal comments, to include: the names of the individual officers responsible for implementation of the recommendations, and the agreed timescales for implementation, these will be encompassed into a final report, at which time any final comments may be added.
- 2.5 A follow-up audit, to provide assurance on the implementation of any recommendations made in the final report, will be completed at the appropriate point after issue of the final report in line with the agreed Follow-Up protocol.



### **3. SCOPE.**

3.1 The audit will examine procedures and controls in relation to public realm projects, in the following areas:

- Governance Arrangements for Partnership working;
- Selection and Prioritisation of Projects;
- Project and Financial Management; and
- Reporting.

### **4. TIMING.**

4.1 The audit will commence in **xx** and will be conducted by **xx** under the supervision of Sue Smith, Audit Manager. It is intended that the draft report will be issued within 10 working days of the exit meeting or receipt of further information relating to the audit.

4.2 Management have agreed that the designated manager(s) will be required to consider the issues raised and the remedial actions required in the draft report and provide a written response within 15 working days of receiving the draft report.

Agreed Auditee:

Date: