



# ADUR & WORTHING COUNCILS

Joint Governance Committee  
22 March 2022  
Agenda Item 7

Ward(s) Affected: All

## Internal Audit Progress Report

### Report by the Acting Head of Internal Audit

#### Officer Contact Details

Dave Phillips

Acting Head of Internal Audit (Mazars LLP)

Town Hall, Worthing

[dave.phillips@mazars.co.uk](mailto:dave.phillips@mazars.co.uk)

#### Executive Summary

##### 1. Purpose

- 1.1. This report provides the quarterly report on Internal Audit progress and key findings to the Committee.
- 1.2. This report also provides an updated Internal Audit Strategy.

##### 2. Recommendations

The Joint Governance Committee is recommended to:

- 2.1. Note the progress against the 2021/22 Internal Audit Plan and implementation of Internal Audit recommendations;
- 2.2. Note the updated Internal Audit Strategy; and
- 2.3. Approve that any further audit work on Theatres be deferred pending the outcome of the Joint Overview and Scrutiny Committee review of Theatres procurement and contract management.

### 3. Context

#### 3.1. Background

##### **Progress**

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.

Attached as Appendix 1 is the Internal Audit Progress report for the period to 28<sup>th</sup> February 2022.

##### **Internal Audit Strategy**

The fundamental role of Internal Audit is to provide senior management and Members with independent assurance on the adequacy, effectiveness and efficiency of the system of internal control and report major weaknesses together with recommendations for improvement. The role is fulfilled by carrying out appropriate internal audit work in accordance with the Annual Plan as approved by the Chief Finance Officer and this Committee. As Internal Audit is a major source of assurance that the Councils are effectively managing their risks, a key rationale for the development of the Internal Audit Plan is the Councils' own Corporate Risk Register and Service Risk Registers.

The Councils' Internal Audit Service is delivered in accordance with a regulatory framework comprising:

- The Local Government Finance Act 1972 which requires councils to 'make arrangements for the proper administration of their financial affairs';
- The Accounts and Audit Regulations 2015. These require that all local authorities must 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'; and
- The UK Public Sector Internal Auditing Standards (PSIAS). These standards set out what is meant by appropriate internal audit practices. These are mandatory standards and replaced the former CIPFA Code of Practice for Internal Audit in Local Government 2006.

The Internal Audit Strategy is a high-level statement which outlines how the Internal Audit Service will be delivered to meet the requirements as set out above. The PSIAS no longer make specific reference to a strategy document, but they require that the information that it contains be communicated to the Audit Committee (or equivalent), to support discussion about audit planning and resources.

The proposed 2022-23 Internal Audit Plan is presented as a separate item for consideration and approval by this Committee at this meeting.

#### **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. Resourcing problems, due to unforeseen circumstances, impacted on performance in the earlier part of the year. Resources were focussed on completing 2020/21 work but there was a plan put in place to deliver audits in the 2021/22 Plan and the work is now substantially complete.

##### **4.3. Audit of Theatres**

The Committee had previously requested an audit of Theatres - Procurement & Contract Management. However in parallel to this request, Joint Overview and Scrutiny requested an almost identical review of the service which is currently in progress following a public request for Scrutiny. Consequently, it is recommended that the current audit be removed from the plan and that the outcome of the JOSOC review is presented to the Committee once complete to identify if any further audit work is required.

#### **5. Engagement and Communication**

5.1. Internal Audit hold monthly meetings with the Chief Financial Officer 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 ongoing 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.

## **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.



**Adur District & Worthing Borough Councils  
Internal Audit Progress Report  
March 2022**





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### ***Disclaimer***

This report (“Report”) was prepared by Mazars LLP at the request of Adur District & Worthing Borough Councils (Councils), and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently, no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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## 01 Introduction

Internal Audit is required to provide a quarterly report on progress and key findings to the Joint Governance Committee (Committee).

The purpose of this report is to outline the following in respect of Internal Audit Activity during the period:

- An update on progress in delivering the 2021/22 Plan;
- A summary of any Limited/No Assurance reports issued and high priority recommendations raised; and
- An update on follow up activity and any recommendations outstanding for implementation.

This report covers internal audit activity and performance since our last report to the Committee in November 2021.

## 02 Internal Audit Progress

The Committee considered and approved the 2021/22 Internal Audit Plan (Plan) on 23 March 2021.

The Plan provided for 28 internal audits totalling 500 days, including 70 days for IT audits, 27 days for Contract audit and 40 days for management which includes the Head of Internal Audit role. The audits in the Plan comprised a mixture of key financial systems, service-specific (operational and financial), corporate-wide, and IT reviews.

As reported previously to the Committee, changes had been made to the timings of the work within the Plan. Since the last Committee in November 2021, the following additional changes have been made:

- *Supply of Affordable Housing* – Senior Officers requested that this audit be postponed due to a post vacancy and the limited ability of other officers to assist in an audit. This was discussed with the Chief Financial Officer (CFO) and it has been agreed that the audit will be postponed to the 2022/23 Plan.
- *Welfare Reform* – This audit was scheduled for quarter 4, but following discussions with Senior Officers it was proposed that the audit be transferred to the 2022/23 in order that the scope could be clarified. This was further discussed, and the change agreed with the CFO.
- *Carbon Reduction Programme* - Due to Officers workload and finalising of projects, the Service Manager requested this audit be deferred and undertaken later in the year. We discussed and agreed with the CFO that this audit will be re-scheduled to the 2022/23 Plan.
- *Device Management & Security* – Officer request to implement recommendations of a recent third-party review of the security settings used for the mobile devices' software prior to the audit commencing. This was discussed with the CFO and it has been agreed that the audit will be postponed to the 2022/23 Plan.

- *Civica/Connect HR system* - Officer capacity to accommodate this was impacted due to staff shortages and officer involvement in other areas being audited. This was further discussed with the CFO and it has been agreed that the audit will be postponed to the 2022/23 Plan.
- *Contingency Days* – The balance of 30 unused contingency days has been discussed with the CFO and as these have not been required during the year, and are unlikely to be required, they have been removed from the Plan.
- *Procurement Cards* – This audit was added to the Plan at the request of the CFO and has been completed.
- *Theatres – Procurement & Contract management* – Senior Officer request to review the requirement for this audit due to ongoing review of this area by the Councils Joint Overview & Scrutiny Committee (JOSC). The background to this is that following the receipt of a Public scrutiny request a JOSC Working Group was set up in September 2019 to review the processes followed by the Council when making the decision to externalise the culture service in Worthing via Worthing Theatres and Museum and to assess whether or not the externalisation process was robust or not. The aim of the review has been to gain a better understanding of the decisions undertaken in reaching those decisions. The Working Group held evidence gathering meetings in late 2019 and early 2020 before the work was put on hold due to the Covid-19 pandemic. The JOSC Working Group reconstituted in 2021 to complete the work, held further meetings in Autumn 2021 and has recently met again to try and wrap this work up and agree recommendations. In view of the time taken on this, the Working Group has been advised to bring its’ review to a close and report on findings to the next available JOSC meeting which will be June. Senior Officers have suggested that the work undertaken by the JOSC working group should be presented to JGC with a recommendation that it would not be a sensible use of resources to also undertake an internal audit.

The impact of these changes along with those previously reported to Committee mean there are now 27 reviews totalling 437.50 days in the Plan.

The table below provides a summary of current progress relevant to the 2021/22 Plan:

Audit Status	Number of reviews	Percentage %
Finalised/complete	7	26%
Draft report	7	26%
Fieldwork complete & audit under review	2	7%
Fieldwork in progress	11	41%
Scoping/Planning complete	0	0%
Not yet started	0	0%
<b>Total</b>	<b>27</b>	<b>100%</b>

For reference, additional detail of the audits, progress and timings, is included in Appendix A1 of this report.

### 03 Audit Reports Issued

We have four categories by which we classify internal audit assurance over the processes we examine: Full, Satisfactory, Limited or None.

Internal Audit categorises recommendations as Priority 1, 2 or 3 to differentiate between the types of recommendation made. These categories give management an indication of the importance and urgency of implementing the recommendations. Details on our Assurance Definitions are contained within Appendix A3.

The table below lists the internal audits for which final reports were issued since our last report to the Committee; all of which relate to prior year reports.

Internal Audit Title	Assurance Level	Planned Year	Previously Reported in Annual Report √ / X
Planning Policy	Satisfactory	2021/22	X
Out of Hours	Satisfactory	2021/22	X
Payroll	Satisfactory	2021/22	X

No Priority 1 recommendations were raised in these reports. Further details of the Priority 2 recommendations raised in each of these reports can be found in the summary briefing provided separately to Members.

## 04 Follow-Ups

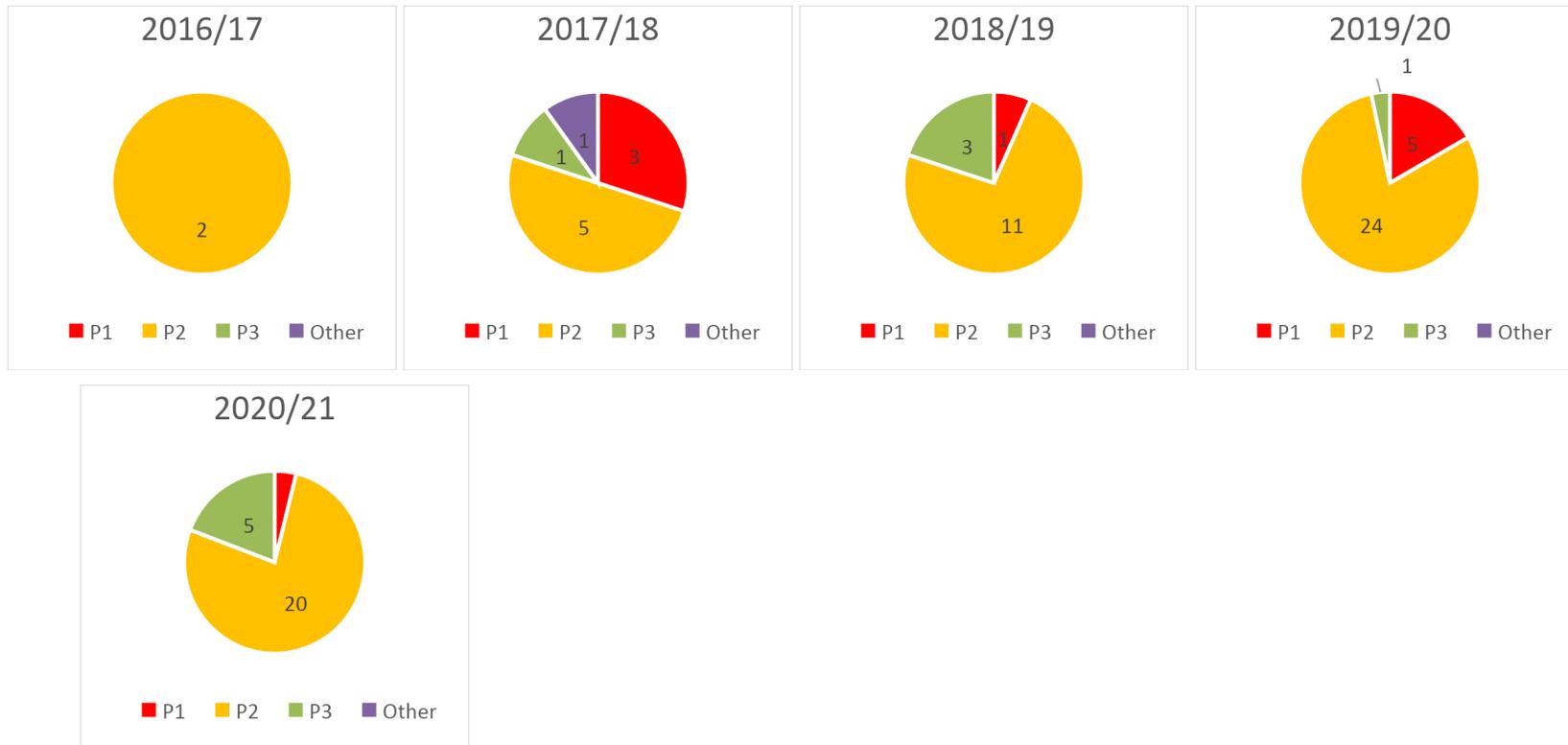
Since the last Committee meeting, the Councils' Audit App has continued to be populated with new recommendations from finalised internal audit reports.

Follow-up audits are undertaken to ensure that all the recommendations/issues raised have been successfully resolved according to the action plans agreed with the service managers. The Councils' target for internal audit recommendations/issues to be resolved at the time of the follow-up is 80% for all priority 2 & 3 recommendations/issues and 100% for priority 1 recommendations/issues.

Performance Objective	Target	Performance (to date)				
		2016/17	2017/18	2018/19	2019/20	2020/21
Percentage of Priority 1 actions implemented	<b>100%</b>	100%	92%	94%	71%	75%
Number of Priority 1 recommendations (for reference)		17	37	18	17	3
Percentage of all actions implemented	<b>80%</b>	99%	93%	91%	72%	54%

Specific details on follow-up performance are included in the briefing note provided separately to Members.

### Outstanding Recommendations by Priority Level



Following our last report to the Committee in November 2021, we met with the Director for Digital, Sustainability & Resources and the CFO and agreed an approach to assist with obtaining updates for the outstanding recommendations, particularly those that are overdue (i.e. past their originally agreed implementation date). This involved generating a report from the Audit App on all outstanding recommendations which was presented to CLT on 11 January 2022. At this meeting it was agreed that the report would be shared with Directors and Heads of Service and that the Internal Audit Manager would attend Departmental Management Team meetings (DMTs) in order to remind officers and to encourage the update of the Audit App on the status of outstanding recommendations.

Following attendance at the DMTs there was a lot of activity in updating the outstanding recommendations and an updated report the status of outstanding and overdue recommendations was presented to CLT on 8 February 2022. Since that meeting, we have continued to meet with

officers and receive updates and a further verbal update was provided to CLT on 8 March 2022. The Internal Audit Manager will continue to attend DMTs on a quarterly basis and to regularly report to CLT.

In addition to monitoring management updates on progress within the Audit App, Internal Audit can undertake spot checks to confirm that recommendations are being implemented in practice. A Follow Up Protocol is in place which contains a procedure to escalate recommendations that have not been implemented as agreed to this Committee where necessary.

The report presented to CLT on 11 January 2022 contained 116 outstanding recommendations. As at production of this report there are 86 (split 10 P1, 62 P2, 10 P3 and 1 other) of these 59 are overdue (split 8 P1, 43 P2, 7 P3 and 1 other). Further detail of eight overdue Priority 1 recommendations is included in Appendix A2 of this report.

## 05 Other Matters

This section is used to set out other matters which may be of interest to the Committee.

### **Challenges and opportunities for the Public Sector in 2022**

As our economy and society move into an endemic state of virus management, local authorities have found themselves in an unenviable position. They must balance pre-COVID-19 service demand within a new normality that has exacerbated the need for public services, along with an emptying high street, hybrid working, environmental awareness, and increased personal debt.

Balancing the budget has never been more challenging, nor is internal audit so critical to an organisation's resilience. In this year's Horizon Scanning report, we have broken down the assurance requirements of a local authority into five categories: financial resilience, council services, IT, ESG, and fraud. Within these, we have broken down the detail and shared considerations for your internal audit plans.

Please note that this document was prepared at a point in time. Subsequent government announcements or changes should be considered when reading.

Download the full report below



## A1 Current Progress – 2021/22 Plan

Audit area	Progress	Assurance Opinion	Recommendations		
			High	Medium	Low
Compliance & Enforcement Grant	Complete	N/A – no opinion work	-	-	-
BEIS Grants - Post Assurance Plan work	Complete	N/A – no opinion work	-	-	-
NFI Testing	Complete	N/A – no opinion work	-	-	-
Street Naming & Numbering	<b>Final</b>	Satisfactory	-	-	1
Out of Hours Service	<b>Final</b>	Satisfactory	-	1	-
Payroll	<b>Final</b>	Satisfactory	-	-	2
Planning Policy	<b>Final</b>	Satisfactory	-	-	1
Governance of Property Purchases	<b>Draft</b>				
Corporate Governance	<b>Draft</b>				
Cash Collection	<b>Draft</b>				
IT Asset Management	<b>Draft</b>				
Anti-Social Behaviour	<b>Draft</b>				
Procurement Cards	<b>Draft</b>				
Key controls testing	WIP				
Housing - General Compliance	WIP				
Adur Homes - Regulatory Compliance - Fire Safety	WIP				
Staff Wellbeing	WIP				
Workspaces AW - Accommodation Review	WIP				
Adur Homes - Capital works programme	WIP				

Env Services - Risk Assessments	WIP				
Debt Management	WIP				
Equalities Act Compliance	WIP				
Allocation of Costs for Town Centre/Public Realm Improvements	WIP				
Risk Management	WIP				
Supply of Affordable housing	Postponed to 22/23 Plan				
Markets	Postponed to 22/23 Plan				
Welfare Reform	Postponed to 22/23 Plan				
Civica/Connect HR system	Postponed to 22/23 Plan				
Self-Isolation Grants	Postponed to 22/23 Plan	-	-	-	-
Carbon Reduction Programme	Postponed to 22/23 Plan				
<b>Contract Audit</b>					
Theatres - Procurement & Contract Management	CANCELLED				
Condition Surveys contract - vertical audit	WIP				
<b>IT</b>					
Disaster Recovery	<b>Draft</b>				
Device Management & Security	Postponed to 2022/23 Plan				
Cloud Computing	WIP		-	-	-
<b>Total</b>			<b>0</b>	<b>1</b>	<b>4</b>



## A2 Outstanding Priority 1 Recommendations (Past Implementation Date)

### 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</li> </ul>	<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>The last detailed update provided to IA suggested that a policy had been drafted and consulted upon.</p> <p>Since then, officer changes have occurred and there is a transformation project underway within Housing.</p> <p>IA have met with the Transformation Manager and an update in respect of the progress on this recommendation is awaited.</p>	<p>30<sup>th</sup> September 2021</p> <p>new date TBC</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>are only a few leaseholders, but if there were several then the costs and effort would be worth it).</p> <p>Once documented, the Policy should be approved by the relevant senior management, member and committee.</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 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</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>30<sup>th</sup> September 2021</p> <p>new date TBC</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>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</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>(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> <p>Where approved policies are not known or accurately and consistently applied, there is an increased risk that loans are</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
	incorrectly arranged or that incorrect fees are charged. This may result in financial loss to the Council.			
<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 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"> <li>• how instalments and interest would be applied to Owner Accounts;</li> </ul>	<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> <p>new date TBC</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"> <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 and this may impact on the Council's ability to recover all relevant costs leading to possible financial loss.</p>			

**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
3.24 Adur Homes' management should discuss with Digital how the system can be enhanced to require post inspection of repair projects costing over £1,000.	Adur Homes has a Post Inspections Policy requirement for all jobs with an invoiced value of £1,000 or more to be post inspected. The way that the Mats system is set up means that jobs are now known as Repair Projects which consist of "jobs", some of which are works whilst others are activities such as inspections. Through discussion with the Contracts Compliance Manager, we were advised that the Mats system only automatically selects jobs over £1,000 for post inspection and not Repair Projects, which may consist of smaller SOR elements that total £1,000. The service are not therefore post inspecting all works over £1,000 in line with their policy and there is a risk that projects costing over £1,000 are not being post inspected.	This issue has been raised with Digital and included within the requirements for Stage 2 development of the system.  30th September 2021 (for enhancement of system).	Update provided to IA by the Transformation Manager confirmed that this has been raised with Digital but that the work is currently paused due to resourcing.	30 <sup>th</sup> September 2022

**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
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.	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	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	No update has yet been provided to IA.  This has been raised with the Transformation Manager and an	TBC

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>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>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' 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>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 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>	<p>update in respect of the progress is awaited.</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
<p>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>	<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 '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.</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>Deadline - 1<sup>st</sup> December 2020</p>	<p>Update provided to IA by the Transformation Manager confirmed that the surveys were last done two years ago and that a procurement process is in the last stages to commission new surveys.</p>	<p>30<sup>th</sup> April 2022</p>
<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</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</p>	<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</li> </ul>	<p>Update provided to IA by the Transformation Manager confirmed that this recommendation is being actioned and information will be stored on the T100 system.</p>	<p>30<sup>th</sup> September 2022</p>

<b>Recommendation</b> <b>(Reference &amp; content)</b>	<b>Findings and Risk as outlined in Final Audit Report</b>	<b>Agreed Action, Comments &amp; Original Implementation deadline</b>	<b>Follow Up Comments</b>	<b>Proposed Completion Date</b>
<p>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>key areas examined) found that: • 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. • 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. • 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. • Lifts: Two (out of 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</p>	<p>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.</p> <ul style="list-style-type: none"> <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 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</li> </ul>		

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>passenger lifts. • Gas: In all ten cases inspections had been undertaken and none of the properties tested had any follow-up actions noted. • 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.</p> <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>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>		

**Project Management 2020/21 - (Final Issued June 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
<p>2.5 The Scrutiny and Risk Officer must ensure that all necessary steps in the planning and executing of a project are followed, and documentation is retained.</p> <p>In addition to centralised document retention (which would make gaps in</p>	<p>As noted above, there were four projects in which no documentation was provided, despite repeated attempts to contact the named project managers.</p> <p>In addition, for the six projects that we did examine, there were various pieces of project documentation that the project</p>	<p>The Councils will do some follow up training for staff from Autumn 2021 to clarify the project cycles.</p> <p>Deadline 31<sup>st</sup> October 2021</p>	<p>Update provided to IA confirmed that a programme of Project Management training for staff is being investigated and details will be shared with staff when available.</p>	<p>31<sup>st</sup> March 2022</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>documentary evidence more obvious), the Scrutiny and Risk Officer should track the stages at which each project stands and ensure that all necessary documentation for that stage has been completed before projects progress.</p>	<p>managers were unable to provide. For example:</p> <p><i>Consideration and approval by a project board</i></p> <p>This was not provided for:</p> <ul style="list-style-type: none"> <li>• Coast Protection Works: Shoreham Harbour Wall Project</li> <li>• Crematorium: Provision of a walkway above the cremators to enable maintenance and ventilation to the roof area above the cremators</li> </ul> <p><i>Project evaluation</i></p> <p>This was not provided for:</p> <ul style="list-style-type: none"> <li>• Crematorium: Provision of a walkway above the cremators to enable maintenance and ventilation to the roof area above the cremators</li> <li>• Miscellaneous: Customers of concern: <ul style="list-style-type: none"> <li>• Moving to digital operating models: CRM</li> </ul> </li> <li>• Communities: Tascomi Environmental Health and Licensing</li> </ul> <p><i>Approval to close</i></p> <ul style="list-style-type: none"> <li>• Crematorium: Provision of a walkway above the cremators to enable maintenance and ventilation to the roof area above the cremators</li> </ul>			

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"> <li>Moving to digital operating models: CRM Communities: Tascomi Environmental Health and Licensing</li> </ul> <p>In addition to there being an incomplete audit trail, this also leads to a risk of projects which are not progressing in line with agreed milestones not being identified and remedial actions being taken in a timely manner leading to failure of projects. This in turn could lead to significant financial and reputational damage to the Councils.</p>			

## A3 Definitions of Assurance

Definitions of Assurance Levels		
Level	Description	
Full	There is a sound system of control designed to achieve the system objectives and the controls are being consistently applied.	
Satisfactory	While there is a basically sound system, there are weaknesses that put some of the system objectives at risk, and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.	
Limited	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	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.	
Definitions of Recommendations		
Priority	Definition	Action required
Priority 1 (Fundamental)	Major issues for the attention of senior management and the Joint Governance Committee.	Remedial action must be taken urgently and within an agreed timescale.
Priority 2 (Significant)	Other recommendations for local management action.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.

Priority 3 (Housekeeping)	Minor matters.	Remedial action should be prioritised and undertaken within an agreed timescale.
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