



ADUR & WORTHING
C O U N C I L S

Key Decision: No

Ward(s) Affected: N/A

HEAD OF INTERNAL AUDIT ANNUAL REPORTS

REPORT BY THE ACTING HEAD OF INTERNAL AUDIT

Executive Summary

1. Purpose

This report seeks to update Members of this Committee with the Head of Internal Audit's opinion reports on the systems of internal control at Adur District Council and at Worthing Borough Council during 2021/22.

2. Recommendations

2.1 Recommendation One

That the Committee note the contents of this report.

3. Context

3.1 Background

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

4. Issues for Consideration

4.1 Head of Internal Audit's Opinions – 2021/22

From the Internal Audit work undertaken in 2021/22, it is our opinion that we can provide **Satisfactory Assurance** that the system of internal control in place at both Adur District Council and Worthing Borough Council for the year ended 31

March 2022 accords with proper practice. We did, however note the following significant control issues:

- *The key theme identified in the 2020/21 Head of Internal Audit report, relating to control issues being identified from audits conducted in Housing (including procurement and contract management issues), based on audit work during the current year this still remains as a key theme (Adur District Council only).*
- *Following our audit on Disaster Recovery (DR) we have re-raised DR as a key theme for the Councils and we note that the Councils recent IT outage and protracted recovery of systems that followed, supports the need for improved arrangements to be implemented (Both Councils).*

Attached as **Appendices 1 and 2** are the Head of Internal Audit's Annual reports for Adur District Council and Worthing Borough Council for the year 2021/22.

5. Engagement and Communication

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

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Sustainability & Risk Assessment

1. Economic

Matter considered and no issues identified.

2. Social

2.1 Social Value

Matter considered and no issues identified.

2.2 Equality Issues

Matter considered and no issues identified.

2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified.

2.4 Human Rights Issues

Matter considered and no issues identified.

3. Environmental

Matter considered and no issues identified.

4. Governance

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



Adur District Council
Internal Audit Annual Report
For the year ended 31 March 2022
May 2022

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Disclaimer

This report (“Report”) was prepared by Mazars LLP at the request of Adur District Council (Council), 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.

The Report was prepared solely for the use and benefit of the Council, and to the fullest extent permitted by law, Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in Appendix A3 of this report for further information about responsibilities, limitations and confidentiality.

01 Introduction

Background

This Annual Report covers the internal audit work we have undertaken for the year ended 31 March 2022 and incorporates our internal audit opinion.

The purpose of internal audit is to provide the Council, through the Joint Governance Committee (JGC) and the Chief Finance Officer (CFO), with an independent and objective opinion on risk management, control and governance and their effectiveness.

This annual report forms part of the framework of assurances received by the Council. It should be used to help inform the Annual Governance Statement within the Financial Statements. Internal Audit also has an independent and objective consultancy role to help line managers improve risk management, governance, and control.

Our professional responsibilities as internal auditors are set out within UK Public Sector Internal Audit Standards (PSIAS).

Acknowledgements

We are grateful to the Chief Finance Officer, Council's Directors, and other staff throughout the Council as well as the Joint Governance Committee for the assistance provided during the year.

02 Internal Audit Work Undertaken in 2021/22

Our 2021/22 Internal Audit Plan for the joint Adur/Worthing Internal Audit service was considered and approved by the JGC at its' meeting on 23 March 2021. The Plan was for 500 days, including 70 days for IT audits, 27 days for Contract audits and 40 management days, including the Head of Internal Audit role. There were 28 Adur audits in the Plan comprising a mixture of key financial systems, service-specific (operational and financial), corporate-wide, and IT reviews.

There were some changes to the agreed areas in the Plan during the year which were agreed with the Chief Finance Officer and reported to the Committee. These were:

- Four audits were transferred from the 2020/21 Plan following requests from Council Officers to defer their start (Governance of Property Purchases, Out of Hours Service, Payroll and Supply of Affordable Housing);
- Three audits were added (Allocation of Costs and Funding for Town Centre/Public Realm Improvements – at the request of the JGC, Procurement Cards and IT Asset Management – both at the request of the CFO);
- Two audits were removed (Unspecified Contract audit – due to it being unspecified and Network Infrastructure Security – due to coverage having already been included in the 20/21 audit on Cyber Security); and
- Seven audits have been transferred to the 2022/23 Plan (Carbon Reduction Programme, Markets, Civica/Connect HR System, Welfare Reform, Self-Isolation Grants, Device Management & Security and Supply of Affordable Housing). The reasons for this were included in the 2022/23 Plan approved by JGC on 22 March 2022.

Consequently, the final number of internal audits for Adur in 2021/22 was 26.

All reviews undertaken in the period were carried out remotely. Whilst there were some practical implications around approach to testing and evidence, overall, there was minimal impact on the scope and ability to conduct the work.

Details of the issues raised are included in Progress Reports that have been made available to the Committee.

A summary of the reports we have issued is included in Appendix A1. The appendix also describes the levels of assurance we have provided in assessing the control environment and effectiveness of controls and the classification of our recommendations.

03 Annual Opinion

Scope of the Internal Audit Opinion

In giving our annual audit opinion, it should be noted that assurance can never be absolute. The Internal Audit service can provide to the Council a reasonable assurance that there are no major weaknesses in risk management, governance, and control processes.

The matters raised in this report are only those that came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that may be required.

In arriving at our opinion, we have taken the following matters into account:

- The results of all internal audits undertaken during the year ended 31 March 2022;
- The results of follow up action in respect of previous internal audits;
- Whether or not any Fundamental or Significant recommendations have not been accepted by management and the consequent risks;
- The effects of any material changes in the organisation's objectives or activities;
- Matters arising from previous reports to the JGC;
- Whether or not any limitations have been placed on the scope of internal audit;
- Whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the entire internal audit needs of the organisation; and
- What proportion of the organisation's internal audit needs have been covered to date.

Internal Audit Opinion

Based on the audit work performed, we consider the control framework operated within the Council to be Satisfactory in its overall adequacy and effectiveness.

Certain weaknesses and exceptions were highlighted by our audit work. These matters have been discussed with management, to whom we have made recommendations. All of these have been, or are in the process of being addressed, as detailed in our individual reports.

Corporate Governance

As part of our work this year, we have again completed an evaluation of the governance arrangements in order to assist the Council and the S151 Officer in the preparing the Annual Governance Statement (AGS) for 2021/22.

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

- Our internal audits, liaison with the S151 Officer and attendance at JGC, which have not been any significant changes to the Council's structure or operation.
- The External Auditor's Audit Results Report for the year ended 31st March 2021 (dated January 2022 and reported to the Joint Governance Committee meeting 25th January 2022), in which Ernst & Young have concluded that, '*We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report*', and
- Our audit of the Council's corporate governance arrangements (November 2021) that provided an overall Satisfactory assurance rating.

Risk Management

Based on an internal audit of the Council's risk management framework In March 2022, we have concluded that there is reasonable assurance that the Council's risk management processes are sufficiently formalised and provide information on key risks and issues relating to directorates and the Council as a whole. This opinion is based on our audit of the Council's risk management arrangements (March 2022) that provided an overall Satisfactory assurance rating.

Key Themes

The key theme identified in the 2020/21 Head of Internal Audit report, relating to control issues being identified from audits conducted in Housing (including procurement and contract management issues), based on audit work during the current year this remains as a key theme.

Following our audit on Disaster Recovery (DR) we have re-raised DR as a key theme for the Council and we note that the Councils recent IT outage and protracted recovery of systems that followed, supports the need for improved arrangements to be implemented.

04 Benchmarking

Assurance Levels

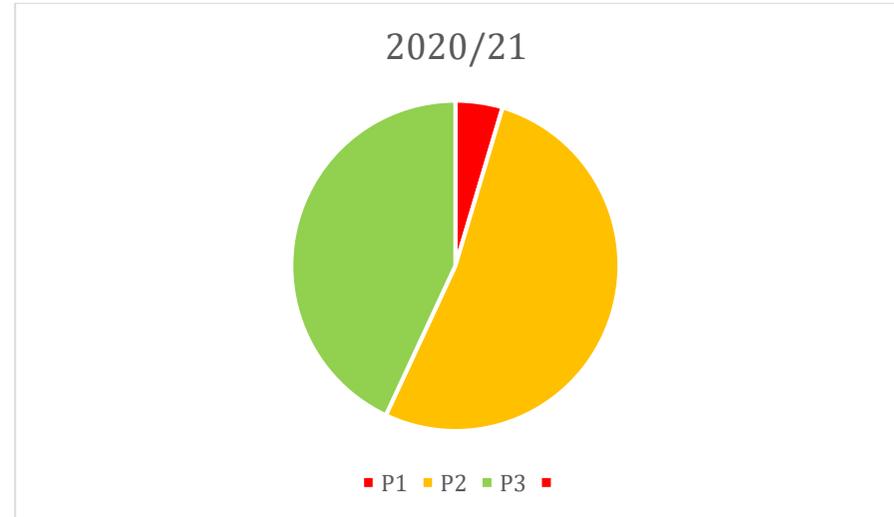
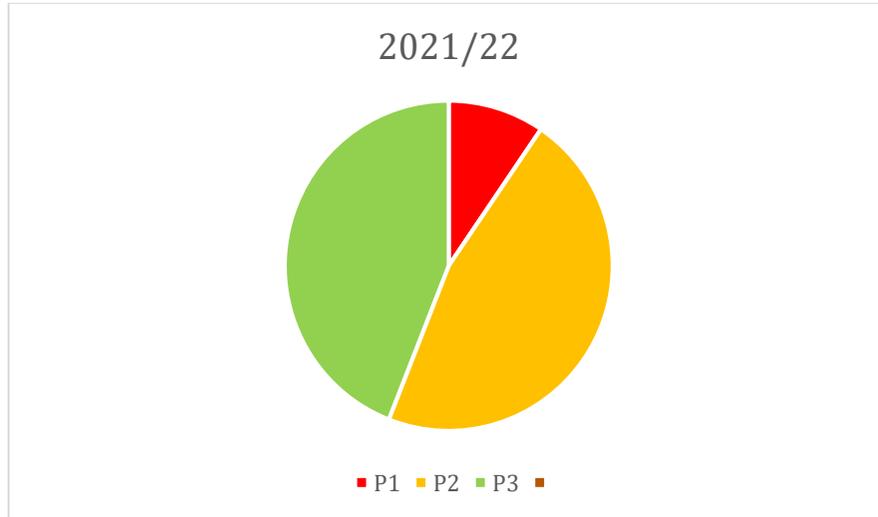
The chart below shows the distribution of assurance over the past five years. Overall, levels have remained consistent over the last two years.

During 2021/22, 13 (72%) of the internal audit projects which have so far been completed were rated 'Satisfactory assurance' compared with 14 (74%) in the prior year. No 'Full assurance' opinions have yet been issued in 2021/22 compared with two in 2020/21. We issued one 'No assurance' opinion in 2021/22 (currently in draft) compared to none in 2020/21 and four reports (22%) have been issued with 'limited assurance' opinions compared with three (16%) in the previous year.

Assurance Gradings	Number of Projects									
	2021/22		2020/21		2019/20		2018/19		2017/18	
Full	0	0%	2	10%	1	3.5%	0	0%	1	4%
Satisfactory	13	72%	14	74%	15	52%	18	62%	24	85%
Limited	4	22%	3	16%	12	41%	10	34.5%	2	7%
No	1	6%	0	0%	1	3.5%	1	3.5%	1	4%
Sub-Total	18		19		29		29		28	
N/A Opinion work	2		1		0		1		3	
Total Audits Delivered	20		20		29		30		31	
Audits still in progress	6		0		0		0		0	
Total	26		20		29		30		31	

Recommendations

Comparison of Recommendations by categorisation



During 2021/22, we have made a total of 84 new recommendations. Eight of these recommendations were Priority 1, 39 were Priority 2, and 37 categorised as Priority 3. Details are shown in Appendix 1 below. In comparison the total number of recommendations made in 2020/21 was 68 (4 Priority 1, 45 Priority 2 and 19 Priority 3).

A1 Internal Audit Work Undertaken in 2021/22

Audit area	Progress	Assurance Opinion	Recommendations		
			High	Medium	Low
Planning & Development					
Planning Policy	Final	Satisfactory	-	-	1
Street Naming & Numbering	Final	Satisfactory	-	-	1
Major Projects & Investments					
Governance of Property Purchases	Draft**	Satisfactory	1	1	-
Place & Economy					
Markets	Deferred to 22/23 Plan	-	-	-	-
Facilities & Technical Services					
Out of Hours Service	Final	Satisfactory	-	1	-
Environmental Services					
Risk Assessments	Draft**	Satisfactory	-	4	4
Adur Homes					
Regulatory Compliance – Fire Safety	Draft**	Satisfactory	-	3	-
Capital Programme	Draft**	Limited	-	5	6
Housing					
General Compliance	Draft**	Satisfactory	-	3	2
Wellbeing					
Anti-Social Behaviour	Draft**	Satisfactory	-	3	1
Human Resources					
Civica/Connect HR System	Deferred to 22/23 Plan	-	-	-	-

Audit area	Progress	Assurance Opinion	Recommendations		
			High	Medium	Low
Financial Services					
Compliance & Enforcement Grant	Complete	Not Opinion Work	-	-	-
Cash Collection	Final	Satisfactory	-	-	1
Payroll	Final	Satisfactory	-	-	2
Key controls testing – financial systems	WIP*	-	-	-	-
Procurement Cards	Draft **	Limited	-	4	8
Legal Services					
Equalities Act Compliance	WIP*	-	-	-	-
Corporate Governance	Final	Satisfactory	-	2	5
Corporate					
Carbon Reduction Programme	Deferred to 22/23 Plan	-			
Risk Management	Draft**	Satisfactory	-	5	-
IT Asset Management	Draft**	Limited	3	-	-
Covid-19					
Self-Isolation Grants	Deferred to 22/23 Plan	-	-	-	-
BEIS Post Payment Assurance	Complete	Not Opinion Work	-	-	-
Cross Service audits					
Staff Wellbeing	WIP*	-	-	-	-
Welfare Reform	Deferred to 22/23 Plan	-	-	-	-
Workspaces AW - Accommodation Review	WIP*	-	-	-	-
Debt Management	Draft**	Limited	1	5	5

Audit area	Progress	Assurance Opinion	Recommendations		
			High	Medium	Low
Allocation of Costs and Funding for Town Centre/Public Realm Improvements	Draft**	Satisfactory	-	-	1
Supply of Affordable Housing	Deferred to 22/23 Plan	-	-	-	-
Contract audits					
Condition Surveys contract - vertical audit	WIP*	N/A	-	-	-
IT					
Disaster Recovery	Draft**	No	3	3	-
Device Management & Security	Deferred to 22/23 Plan	-	-	-	-
Cloud Management	WIP*	-	-	-	-
Totals			8	39	37

*These six audits were still in progress when this report was drafted and will be summarised in our quarterly reports to the Joint Governance Committee when the final reports are issued, the results will be updated in our Annual Internal Audit Report for 2022/23.

**Draft reports currently awaiting management responses, which may lead to changes in content including assurance levels and/or recommendations. Any changes in assurance on draft reports will also be taken into account, in the Head of Internal Audit's Opinion for 2022/23.

A2 Assurance rating, recommendation level, and audit opinion definitions

We use the following levels of assurance and recommendation classifications within our audit reports:

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

Recommendation Grading	Definition
Priority 1 (Fundamental)	Major issues for the attention of senior management and the Joint Governance Committee
Priority 2 (Significant)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.
Priority 3 (Housekeeping)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.

A3 Statement of Responsibility

We take responsibility to Adur District Council for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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Internal Audit Annual Report
For the year ended 31 March 2022
May 2022

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There were some changes to the agreed areas in the Plan during the year which were agreed with the Chief Finance Officer and reported to the Committee. These were:

- Five audits were transferred from the 2020/21 Plan following requests from Council Officers to defer their start (Governance of Property Purchases, Out of Hours Service, Payroll, Supply of Affordable Housing and Theatres – Procurement and Contract Management);
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Consequently, the final number of internal audits for Worthing in 2021/22 was 24.

All reviews undertaken in the period were carried out remotely. Whilst there were some practical implications around approach to testing and evidence, overall, there was minimal impact on the scope and ability to conduct the work.

Details of the issues raised are included in Progress Reports that have been made available to the Committee.

A summary of the reports we have issued is included in Appendix A1. The appendix also describes the levels of assurance we have provided in assessing the control environment and effectiveness of controls and the classification of our recommendations.

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Scope of the Internal Audit Opinion

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The matters raised in this report are only those that came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that may be required.

In arriving at our opinion, we have taken the following matters into account:

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- Whether or not any Fundamental or Significant recommendations have not been accepted by management and the consequent risks;
- The effects of any material changes in the organisation's objectives or activities;
- Matters arising from previous reports to the JGC;
- Whether or not any limitations have been placed on the scope of internal audit;
- Whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the entire internal audit needs of the organisation; and
- What proportion of the organisation's internal audit needs have been covered to date.

Internal Audit Opinion

Based on the audit work performed, we consider the control framework operated within the Council to be Satisfactory in its overall adequacy and effectiveness.

Certain weaknesses and exceptions were highlighted by our audit work. These matters have been discussed with management, to whom we have made recommendations. All of these have been, or are in the process of being addressed, as detailed in our individual reports.

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As part of our work this year, we have again completed an evaluation of the governance arrangements in order to assist the Council and the S151 Officer in the preparing the Annual Governance Statement (AGS) for 2021/22.

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

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Key Theme

Following our audit on Disaster Recovery (DR) we have re-raised DR as a key theme for the Council and we note that the Councils recent IT outage and protracted recovery of systems that followed, supports the need for improved arrangements to be implemented.

04 Benchmarking

Assurance Levels

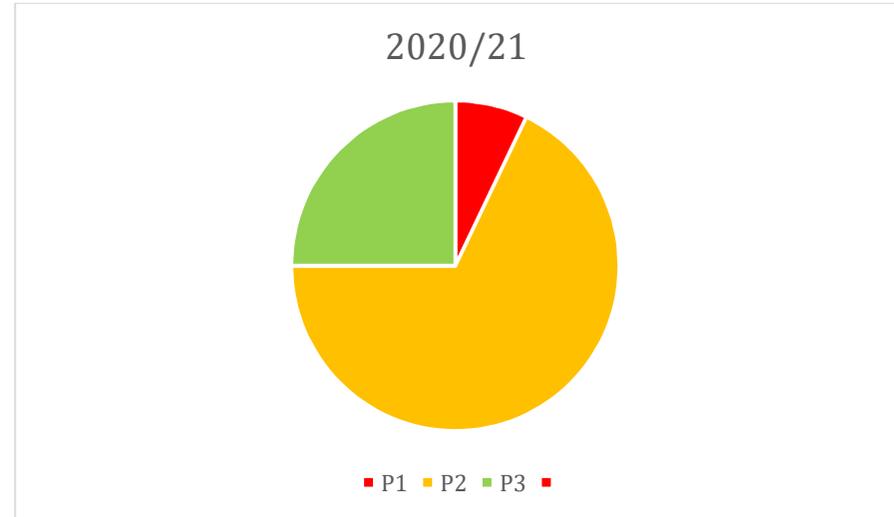
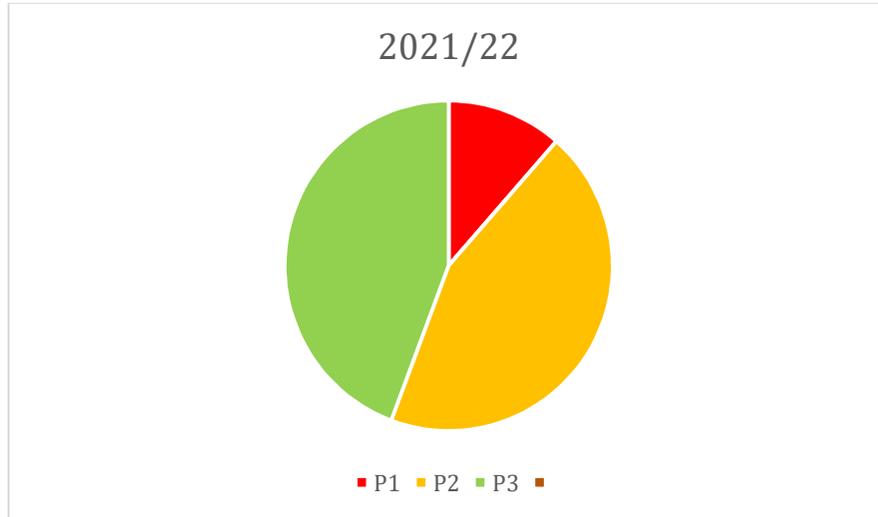
The chart below shows the distribution of assurance over the past five years. Overall, levels have remained consistent over the last two years.

During 2021/22, 12 (75%) of the internal audit projects which have so far been completed were rated 'Satisfactory assurance' compared with 12 (75%) in the prior year. No 'Full assurance' opinions have yet been issued in 2021/22 compared to two in 2020/21. We issued one 'No assurance' opinion in 2021/22 (currently in draft) compared to none in 2020/21 and three reports (19%) have been issued with 'limited assurance' opinions compared with two (12.5%) in the previous year.

Assurance Gradings	Number of Projects									
	2021/22		2020/21		2019/20		2018/19		2017/18	
Full	0	0%	2	12.5%	2	8%	3	10%	0	0%
Satisfactory	12	75%	12	75%	13	50%	20	69%	17	74%
Limited	3	19%	2	12.5%	10	38%	6	21%	6	26%
No	1	6%	0	0%	1	4%	0	0%	0	0%
Sub-Total	16		16		26		29		23	
N/a Opinion Audits	2		0		0		0		1	
Total Audits Delivered	18		16		26		29		24	
Audits still in progress / Postponed	6		0		0		0		0	
Total	24		16		26		29		24	

Recommendations

Comparison of Recommendations by categorisation



During 2021/22, we have made a total of 70 new recommendations. Eight of these recommendations were Priority 1, 31 were Priority 2, and 31 categorised as Priority 3. Details are shown in Appendix 1 below. In comparison the total number of recommendations made in 2020/21 was 56 (4 Priority 1, 38 Priority 2 and 14 Priority 3).

A1 Internal Audit Work Undertaken in 2021/22

Audit area	Progress	Assurance Opinion	Recommendations		
			High	Medium	Low
Planning & Development					
Planning Policy	Final	Satisfactory	-	-	1
Street Naming & Numbering	Final	Satisfactory	-	-	1
Major Projects & Investments					
Governance of Property Purchases	Draft**	Satisfactory	1	1	-
Place & Economy					
Markets	Deferred to 22/23 Plan	-	-	-	-
Facilities & Technical Services					
Out of Hours Service	Final	Satisfactory	-	1	-
Environmental Services					
Risk Assessments	Draft**	Satisfactory	-	4	4
Housing					
General Compliance	Draft**	Satisfactory	-	3	2
Wellbeing					
Anti-Social Behaviour	Draft**	Satisfactory	-	3	1
Human Resources					
Civica/Connect HR System	Deferred to 22/23 Plan	-	-	-	-
Financial Services					
Compliance & Enforcement Grant	Complete	Not Opinion Work	-	-	-
Cash Collection	Final	Satisfactory	-	-	1

Audit area	Progress	Assurance Opinion	Recommendations		
			High	Medium	Low
Payroll	Final	Satisfactory	-	-	2
Key controls testing – financial systems	WIP*	-	-	-	-
Procurement Cards	Draft **	Limited	-	4	8
Legal Services					
Equalities Act Compliance	WIP*	-	-	-	-
Corporate Governance	Final	Satisfactory	-	2	5
Corporate					
Carbon Reduction Programme	Deferred to 22/23 Plan	-			
Risk Management	Draft**	Satisfactory	-	5	-
IT Asset Management	Draft**	Limited	3	-	-
Covid-19					
Self-Isolation Grants	Deferred to 22/23 Plan	-	-	-	-
BEIS Post Payment Assurance	Complete	Not Opinion Work	-	-	-
Cross Service audits					
Staff Wellbeing	WIP*	-	-	-	-
Welfare Reform	Deferred to 22/23 Plan	-	-	-	-
Workspaces AW - Accommodation Review	WIP*	-	-	-	-
Debt Management	Draft**	Limited	1	5	5
Allocation of Costs and Funding for Town Centre/Public Realm Improvements	Draft**	Satisfactory	-	-	1

Audit area	Progress	Assurance Opinion	Recommendations		
			High	Medium	Low
Supply of Affordable Housing	Deferred to 22/23 Plan	-	-	-	-
Contract audits					
Condition Surveys contract - vertical audit	WIP*	N/A	-	-	-
IT					
Disaster Recovery	Draft**	No	3	3	-
Device Management & Security	Deferred to 22/23 Plan	-	-	-	-
Cloud Management	WIP*	-	-	-	-
Totals			8	36	31

*These six audits were still in progress when this report was drafted and will be summarised in our quarterly reports to the Joint Governance Committee when the final reports are issued, the results will be updated in our Annual Internal Audit Report for 2022/23.

**Draft reports currently awaiting management responses, which may lead to changes in content including assurance levels and/or recommendations. Any changes in assurance on draft reports will also be taken into account in the Head of Internal Audit's Opinion for 2022/23.

A2 Assurance rating, recommendation level, and audit opinion definitions

We use the following levels of assurance and recommendation classifications within our audit reports:

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

Recommendation Grading	Definition
Priority 1 (Fundamental)	Major issues for the attention of senior management and the Joint Governance Committee
Priority 2 (Significant)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.
Priority 3 (Housekeeping)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.

A3 Statement of Responsibility

We take responsibility to Adur District Council for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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