

Public Document Pack

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15 July 2020

Regulation, Audit and Accounts Committee

A virtual meeting of the Committee will be held at **10.30 am** on **Thursday, 23 July 2020**.

Note: In accordance with regulations in response to the current public health emergency, this meeting will be held virtually with members in remote attendance. Public access is via webcasting.

The meeting will be available to watch live via the Internet at this address:

<http://www.westsussex.public-i.tv/core/portal/home>

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Agenda

1. Declarations of Interest

Members and officers must declare any pecuniary or personal interest in any business on the agenda. They should also make declarations at any stage such an interest becomes apparent during the meeting. Consideration should be given to leaving the meeting if the nature of the interest warrants it. If in doubt please contact Democratic Services before the meeting.

2. Minutes

(a) Minutes of the last formal meeting of the Committee held on 20 January 2020 (Pages 5 - 8)

The Committee is asked to agree the minutes of the meeting held on 20 January 2020 (cream paper).

(b) Notes from the informal, virtual meeting with Members of the Regulation, Audit and Accounts Committee on 3 April 2020 (Pages 9 - 22)

The Committee is asked to note the notes of the informal, virtual meeting with Members of the Regulation, Audit and Accounts Committee held on 3 April 2020 (cream paper).

3. **Urgent Matters**

Items not on the agenda which the Chairman of the meeting is of the opinion should be considered as a matter of urgency by reason of special circumstances.

4. **External Audit**

The Committee is asked to consider the 2019/20 Audit Planning Updates for the West Sussex County Council and the West Sussex Pension Fund from the External Auditor EY.

(a) **West Sussex County Council Audit Planning Report Update** (Pages 23 - 32)

(b) **West Sussex Pension Fund Audit Planning Report Update** (Pages 33 - 38)

5. **Internal Audit - Annual Audit Report 2019 / 20** (Pages 39 - 58)

Report by the Director of Finance and Support Services, and the Head of Southern Internal Audit Partnership.

The Committee is asked to approve the annual audit report for the year ended 31 March 2020.

6. **Internal Audit Plan 2020/21** (Pages 59 - 84)

Report by the Director of Finance and Support Services, and the Head of Southern Internal Audit Partnership.

The Committee is asked to approve the contents of the Internal Audit Plan for 2020/21 and the Fraud Plan 2020/21.

7. **Quarterly Review of the Corporate Risk Register** (Pages 85 - 98)

Report by the Director of Finance and Support Services.

The Committee is asked to review the information detailed in the report and the current Corporate Risk Register, and provide comment as necessary.

8. **Draft Annual Governance Statement 2019/20** (Pages 99 - 128)

Report by the Director of Law and Assurance.

The Committee is asked to comment on the draft Annual Governance Statement for 2019-20.

9. **Regulation of Investigatory Powers** (Pages 129 - 152)

Report by Director of Law and Assurance.

The Committee is asked to review and endorse a revised and updated policy for the Council's use of specific investigation powers available for types of enforcement work for which the Council is responsible.

10. **Treasury Management Compliance Report - First Quarter 2020/21**
(Pages 153 - 160)

Report by the Director of Finance and Support Services.

The Committee is asked to review and comment on the Treasury Management Compliance Report.

11. **Work Programme 2020/21** (Pages 161 - 162)

Programme by the Director of Law and Assurance.

The Committee is asked to agree the outline work programme for 2020/21 and agree any further priority items for addition to the programme.

12. **Date of Next Meeting**

The next meeting of the Committee is scheduled for 25 September 2020 at a time, location and format to be confirmed.

To all members of the Regulation, Audit and Accounts Committee

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Regulation, Audit and Accounts Committee

20 January 2020 – At a meeting of the Regulation, Audit and Accounts Committee held at 10.30 am at County Hall, Chichester.

Present: Dr Dennis (Chairman)

Mr Waight, Mr Baldwin, Mrs Dennis and Mr Jones

Apologies were received from Mr Bradford and Ms Goldsmith

Part I

19. Declarations of Interest

19.1 None.

20. Minutes of the last meeting of the Committee

20.1 Resolved – That the minutes of the meeting of the Committee held on 4 November 2019 be approved as a correct record and that they be signed by the Chairman.

21. Annual Governance Statement 2018/19 - Actions Update

21.1 The Committee considered a report by the Director of Law and Assurance (copy appended to the signed minutes).

21.2 Mr Kershaw introduced the item. An update was provided on actions from the Annual Governance Statement (AGS) from the year 2018/19 and an update for the current year's (2019/20) AGS.

21.3 It was reported that when the 2018/19 statement was being drafted officers noted the content of external inspection reports which raised issues of governance within the County Council. The actions being tracked in the final column of the report provide updates to members on the changes arising from these reports.

21.4 The AGS for 2019/20 was being drafted and would be included as part of the July meeting, however an update would be given at the next meeting of the Committee in March.

21.5 The following comments and issues were raised:

- The Scheme of Delegation action was not finalised due to the number of changes at a senior level. If any changes are made members would be informed.
- The Joint Health and Wellbeing Strategy would be scrutinised by a partnership forum and the Health and Adults Social Care Select Committee.
- Concerns were raised that there were some instances of little progress against some actions in the Annual Governance Statement, which were raised at the previous meeting. It was

advised these would be addressed at the Committee's meeting in March 2020 and ongoing matters might remain in the action plan for 2019/20.

- Governance arrangements around key Council Services were being reviewed.
- A need for further member engagement on budget planning.
- In response to questions from the committee on the additional funding allocated for Phases 1 and 2 of the Fire a Rescue Service Improvement Plan, a written response was to be provided. The Chief Fire Officer would also be present at the next meeting to answer the Committees questions.

21.6 Resolved – That the updates in the report be noted.

22. Internal Audit Progress Report

22.1 The Committee considered a report by the Director of Finance and Support Services, and the Head of Southern Internal Audit Partnership (copy appended to the signed minutes).

22.2 Mr Pitman, Head of Southern Internal Audit Partnership, / Mr Harvey, Deputy Head of Southern Internal Audit Partnership introduced the report and the appendices included, drawing attention to implementation dates of the low and medium priority overdue actions.

22.3 The Committee raised various comments and questions, including the following:

- It was confirmed that the Council's Fleet Management System was managed by County Council Officers and was not outsourced.
- The Crawley 'Dual Use' agreement related to dual use of leisure centres. A draft report on this would be made available in the following weeks.

22.4 The Chairman welcomed Mr Laird (Acting Head of IT) to the meeting to discuss the IT Asset Management plan. Mr Laird discussed the various measures that were in place that mitigated the loss of assets such as phones and laptops.

22.5 The committee raised the following comments and questions:

- Information relating to the percentage of assets lost, how many blacklisted and the financial impact of this was unavailable, but could be provided at a later date.
- A process was already in place to mitigate the losses, but needed refining. It was dealt with by County Council staff.
- Firewalls were used to protect the organisation from technological threats and were reviewed on a regular basis. It was the County Council's responsibility to ensure these reviews were completed by partner organisations and make recommendations of improvements.
- A written response regarding how/when these reviews were scheduled to take place would be provided.

- Partner organisations are provided a statutory 4 weeks notice of any plans of an audit process. Immediate audits happen rarely, and only under suspicion of fraud or significant irregularities.
- Disaster recovery processes were in place, with a number of second 'mirror' sites in place across the County should an incident occur. The actions listed on page 38 of the report referred.

22.6 Resolved – That the Committee noted the report.

23. Quarterly Review of the Corporate Risk Register

23.1 The Committee considered a report by the Director of Finance and Support Services (copy appended to the signed minutes).

23.2 Mr Pake, Corporate Risk and Business Planning Manager, introduced the report and advised that 2 risks had been added.

23.3 The Committee made comments on the items included on the risk register but were reminded that the risk owners were the subject matter experts and would have to attend a future meeting to discuss them. The following comments were raised:

- It was advised that a senior officer meeting was due to take place to discuss the register and its implications. It was also noted that the Chief Fire Officer would be attending the next meeting of the committee.

23.4 Resolved – That the Committee notes the report.

24. Treasury Management Compliance Report - Third Quarter 2019/20

24.1 The Committee considered a report by the Director of Finance and Support Services (copy appended to the signed minutes).

24.2 Mrs Chuter, Financial Reporting Manager, introduced the report and addressed issues such as compliance, borrowing, investment, and the exposure limits.

24.3 Resolved – That the report be noted.

25. Date of Next Meeting

25.1 The Committee noted that its next scheduled meeting would be held at 10.30 am on 23 March 2020 at County Hall, Chichester.

The meeting ended at 13.15

Chairman

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Regulation, Audit and Accounts Committee

3 April 2020 – At an informal, virtual meeting of members of the Regulation, Audit and Accounts Committee held at 4.00 pm.

Note: In accordance with government advice in the current public health emergency, it was not possible to hold a public meeting of the Committee. These notes record an informal, virtual discussion by members of the Committee. Any decisions required have been taken by an officer using the urgent action procedure following the conclusion of the committee's discussion and published on the Council's website in the usual way.

Present: Cllr N Dennis (Chairman)

Cllr Waight, Cllr Baldwin, Cllr J Dennis and Cllr Goldsmith

Apologies were received from Cllr Bradford and Cllr M Jones

Also in attendance: Cllr Hunt

Part I

1. External Audit Plans

Following the cancellation of the Regulation, Audit and Accounts Committee on 23 March 2020 due to the current public health emergency, the Chairman agreed to hold an informal, virtual meeting of members of the committee on 3 April 2020. The meeting was held in order to discuss the External Audit Plans with the External Auditors, EY, so they could continue their work.

These notes record the discussion of the members present.

Appended to the minutes are questions from the members, with officer responses, on other agenda items that were planned for review at the 23 March meeting. These were submitted subsequently as written questions and were not discussed during the virtual meeting.

- 1.1 The Chairman welcomed Members, Officer and attendees from EY to the virtual meeting.
- 1.2 The Chairman had asked members to submit their questions in advance of the virtual meeting in order to better facilitate the running of the meeting.
- 1.3 The questions were grouped together by topic and presented to EY to answer during the meeting.
- 1.4 The first questions related to the change in materiality level and sought clarification on the reasoning and benefits behind this change. Members queried what EY hoped to learn from this change and if this was considered more important than governance concerns. Members also queried what the impact would have been to last year's audit if the materiality level had been reduced.

- 1.5 Mr Mathers (EY) explained that EY had a professional responsibility to set materiality at an appropriate level which was important to do from their independent position. EY felt that changing the level of materiality from 1.8% to 1% was the appropriate level. The reasons behind the change included the fallout from the Children's Services inspection which had highlighted volatility in spend and pressures on the revenue budget and due to more stakeholder interest in the council. The risks involved with potential management override were also a factor. Headline materiality was a consideration in that higher interest from stakeholders on the level of errors would be anticipated. It was also confirmed that 1% was the industry standard. Mr Mathers confirmed that no change was recommended for performance materiality as the County Council had a good track record for financial statement accuracy.
- 1.6 Mrs Thompson (EY) explained that the change in materiality level would increase the sample size of the audit work in that there would be greater coverage and more testing which would lead to an overall increase in assurance.
- 1.7 Members had submitted questions querying the impact COVID-19 on areas such as the External Audit Plans; the practicalities of the audit; the County Council's ability to function as a Going Concern; Value for Money risks for the County Council's operations and projects; fees; and the impact on 2020-21 revenue.
- 1.8 Mrs Thompson responded stating that operational and delivery risks were being considered. EY's general working approach was geared up for remote working and so the impact of isolation had been absorbed well. The interim audit work had showed that the County Council was also geared up for remote working. Secure transfer systems had been utilised to share key documents and query logs had been set up with officers to assist with the work. EY were maintaining contact with officers and increasing the frequency of conference calls. The initial slowdown caused by COVID-19 seemed to have stabilised.
- 1.9 Mrs Thompson explained that the deadline for financial statement submission had moved from May to June; and the audit opinion deadline had moved from July to September as a result of COVID-19. EY were aiming to keep to the original deadlines where possible. There would ultimately be a delay when it came to the consideration of hard copy data and so the later deadline could be used to enable site hard copy checks. POST MEETING CLARIFICATION – the financial statement submission has now been confirmed as August with the audit opinion now November.
- 1.10 Mr Mathers discussed the risks associated with COVID-19 and the need for EY to establish that the County Council would satisfy requirements of financial cash levels for 12 months following the audit. The County Council could see a reduction in revenue collection in some areas and also an increase in costs for care and

transport. COVID-19 would have an impact on financial planning for 2020/21.

- 1.11 Mr Mathers reported that there was a proposal from CIPFA for the simplification of accounts in response to COVID-19, with the reporting of just key balances and returns; with a simplification of balance sheets. EY would monitor the situation and considered that changing practices to the simplified arrangements may not be the best approach. POST MEETING CLARIFICATION – it has been confirmed that there will no change to previous years.
- 1.12 Mrs Thompson explained that the Value for Money risks had already been considered in the plans and work would continue on this. The 2019/20 work assessed 1 April 2019 to 31 March 2020 and so the majority of the COVID-19 impact was not included. This would be picked up in the 2020/21 audit. EY felt it would not be appropriate to critique the business continuity plans and accepted that the current primary focus for the County Council was core functions.
- 1.13 Mrs Thompson explained that the outlined fees were always the best estimate. If changes were required this would be raised with County Council officers. Mrs Thompson explained that fees had been reducing for a while and had hit an unsustainable position; with fees 60% lower than 8 years ago but with increased expectations. It was therefore expected for audit fees to rise. The Public Sector Audit Appointments Limited (PSAA) had recently reviewed the audit market to understand the market pressures and the 2020/21 fees were recently issued in line with the previous year. EY resolved to keep the committee members updated.
- 1.14 Members queried if the change in deadline and CIPFA proposals would require a change in the committee meeting cycle. - Ms Eberhart, Director of Finance and Support Services, proposed that it could be sensible to schedule an additional meeting towards the end of September in case it was required. Mrs Thompson explained that it was not currently clear if the CIPFA proposals would be optional or mandatory.
- 1.15 Members had submitted questions on Children’s Services with regard to Value for Money and business continuity plans.
- 1.16 Mrs Thompson explained that EY’s consideration of confidence in the service would be made when the review work was completed. The responses to the inspections were being looked at and consideration was being given to cost and if they were one off or continuing. Continuing costs would need to be considered as part of wider financial plans. The National Audit Office (NAO) would be issuing guidance on how to consider the impact of COVID-19. The impact consideration would be reported on at a future committee meeting.
- 1.17 Members had queried Internal Audit and if there were any limited assurance reports that should be brought to the members’ attention, or any areas that should be considered by Internal Audit.

Agenda Item 2b

- 1.18 Mr Mathers commented that all limited assurance reports should be of interest to the Committee members. The Committee needed to consider how it responded to the reports, and how it held officers to account. Mr Mathers also explained that it was not for EY to dictate the work of Internal Audit, and that Internal Audit needed to respond appropriately to risks.
- 1.19 Members had submitted a query on EY's thoughts on Whole Council Design.
- 1.20 Mrs Thompson explained that this had not been considered in detail as County Council structure was for members' consideration. Change in senior officers had not helped and so stability was recommended. The appointment of Becky Shaw as Chief Executive was seen as a positive step. Ms Eberhart reported that Whole Council Design had been scheduled for scrutiny at the Performance and Finance Scrutiny Committee, but this meeting had been cancelled due to COVID-19. It was noted that COVID-19 had led to rapid consideration of some ways of working, such as the paper based / remote working.
- 1.21 Members commented on the recent departure of the Executive Director of Adults and Health and how this may impact the Council.
– Mrs Thompson commented that this was very recent news and so EY had no comment, but noted that social care was a current area of high pressure. Mr Hunt, commented that the Cabinet Member for Adults and Health had spoken with the new interim officer and had expressed confidence in him.
- 1.22 Members raised queries for the Pension Fund Triennial Review and if the current market situation would impact scheme funding.
- 1.23 Mr Mathers explained that the valuation would have considered the markets before the impact of COVID-19. Year end balances would be sent to the actuary and so the impact on pension liability could be considered. Private equity was a different area, but represented a small element of the total pension fund. A bounce back of markets was expected and so it was important not to initiate a knee jerk reaction. The pension fund would need to consider the overall impact COVID-19 had on scheme funding and contributions. Members commented that equity may see a longer effect which could impact the next valuation. Mr Hunt, confirmed that he had recently updated Pension Panel members to say that the pension fund was 97% funded and so still in a healthy position. There were no plans to revise any arrangements at the current time.
- 1.24 Resolved – The members in attendance note the plans for main Council and Pension Fund and confirm their understanding of, and agreement to, these materiality and reporting levels. The members also agree to the scheduling of an additional reserve committee date in September.

The meeting ended at 5.05 pm

Chairman

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Offline Questions on the March RAAC Reports

Agenda Item 4 Quarterly review of Corporate Risk register

Question - In light of the new Risks, is there anyway we could have a member of the Children's directorate to talk us through, however if not I will ask for this to be raised at Performance and Finance Scrutiny Committee Business Planning Group. The mitigating actions are not clear enough.

Response from Fraser Pake, Corporate Risk and Business Planning Manager - Suggest that the Chairman refers the issue to the relevant Select Committee Chairman.

Question - CR11 – a risk update is required.

Response from Fraser Pake - This risk is due to be updated in May.

Question - CR22a – Instead of being closed, is this not ongoing as inherent risk?

Response from Fraser Pake - Once in the restart phase, we will review the description of CR22 to reflect post-COVID financial evaluations. Which may/may not require a separate risk on in-year overspend.

Question - CR59 – This really does concern me as the benefits do not appear anywhere in any papers and have not yet been scrutinised.

Response from Fraser Pake – A paper went to the Performance and Finance Scrutiny Committee.

Question - CR66 – Has this been discussed at HASC BPG?

Response from Fraser Pake – Suggest that the Chairman writes to the Health and Adult Social Care Scrutiny Committee Chairman.

Question - CR67 – Very concerned re interim what is the latest update?

Response from Fraser Pake – This action has been closed. Mutual Ventures have been appointed.

Question - CR68 – What is the Rapid Improvement plan?

Response from Fraser Pake – There's no mention of this in the risk serial

Agenda Item 2b

Question - CR69 – is there an update?

Response from Fraser Pake - This risk was added just before agenda dispatch, which contains the most up to date info.

Question - Are WSCC furloughing staff or seeing an increase in staff off work ill or self-isolating? What impact does this have on the ability to maintain services and governance?

Response from Fraser Pake - Currently we are not furloughing staff. We are not seeing large numbers of staff off sick or self-isolating and not able to work so there is no impact on services or governance.

Agenda Item 5 Internal Audit Progress Report

Question - Page 27 – How long will it take as part of the allocated workforce effort to complete this work in 2019/20. By inference how much will now be delayed?

Response from Neil Pitman, Head of Southern Internal Audit Partnership – All has been allocated to staff and agreement reached with the various service areas to complete the work remotely. It is fully anticipated that all 19/20 work will be completed to inform the annual report and opinion.

Question - Page 28 - where are the DR papers? Did we have them in Jan?

Response from Neil Pitman - Reported to the RAAC in January – Stewart Laird (Interim Head of IT) attended to answer Councillors' questions.

Question - Page 33 – WCD why has this been completely pulled from the work programme

Response from Neil Pitman - This has not been pulled from the work programme. The WCD review was designed to cover two aspects: 1) a report on governance, which is currently being concluded; and 2) an advisory / consultancy role to assist with ongoing workstreams. This element of the work would not conclude in a report hence the n/a within the progress report. I will add some narrative to the comments to make this clearer.

Question - Page 34 – Firewalls and Malware provision ditto as above

Response from Neil Pitman - Reported to the RAAC in January – Stewart Laird (Interim Head of IT) attended to answer Councillors' questions.

Question - Page 38 – Re the deferred audits – when are provisional new dates for these?

Response from Neil Pitman - These reviews will be further risk assessed to determine whether they are to feature in the 20/21 audit plan. Other COVID risk (as detailed below) may take priority.

Question - Page 39 – How is Group Manager recruitment going?? This is very slow for a high priority role.

Response from Neil Pitman - It has been reported that interviews are due to be taking place on 22 April 2020

Question - Page 40 – Has E-Income been completed and IR35 has no update?

Response from Neil Pitman - It has been reported that E-Income has not progressed due to identified costs in completing the work. Discussions are ongoing. Implementation slipped to June 2020

IR35 – Guidance & Procedure Notes is complete, however, we have been unable to attain an update on progress with the vendor records. We will continue to press for a response. As soon as we receive feedback from the responsible manager we will update you accordingly.

Question - Page 42 – Give us a scale of the problem as this is I agree a poor state of affairs.

Response from Neil Pitman - The scale of the problem is as presented to the RAAC by the Interim Head of IT when he attended the meeting to run through the 'Limited Assurance' reviews at the January 2020 meeting.

It has been reported by management that due to the impact of COVID and reprioritisation of staff to support remote connectivity for the whole organisation a revised implementation of June 2020 has been set, however some positive progress has been made in starting to migrate asset data into the new AMDB

Agenda Item 6 Approach to Internal Audit Planning 2020/21

Question - How is this to be impacted by Covid 19, and will you be reviewing priorities.

Response from Neil Pitman - I circulated an overview of emerging risks as a result of COVID-19 to all S151 officers across all of the SIAP Partners during the first week of April (copy attached as Annex A) for their consideration and potential inclusion in their respective audit plans. I will be following up with each organisation to determine key areas pertinent to their organisations for review in Q1/Q2 of this year's plan.

Agenda Item 2b

Question - Is this risk based approach (P47-48) likely to find where there is a problem (as we seem to have failed to identify some of the recent problems such as childrens and fire in advance through the corporate risk register). Would it be better to do some basic testing on every area to try and find problems that may be 'hidden in the woodwork' rather than only chasing the highlighted risks?

Response from Neil Pitman - The approach we will be adopting is to hold workshops around existing risk registers, however, it will also be an opportunity to ensure that the identified risks are relevant and up to date, with the further opportunity to consider new and emerging risks (The council's Risk Manager will also be in attendance).

Whilst 'basic testing' may identify lower level risks at a system / process level it would not highlight strategic level risks where the organisation needs to be gaining its assurances.

Agenda Item 7 Internal Audit Charter 2020/21

Question - Are there any changes from last year? This may have made it easy to review.

Response from Neil Pitman - There are no changes.

Agenda item 10 Regulation of Investigatory Powers

Question - It would have been useful to have an understanding of the changes to the previously approved Policy. Might I ask if an independent person/organisation has seen this document to check that it is line with other LA's. Have we had any legal issues with the use of these powers in the past?

Response from Tony Kershaw, Director of Law and Assurance - The changes to the policy are as a result of a review of comparator policies across similar councils. There are some changes to 'best practice' which have also been identified by the national body which carries out routine inspections of authorities which make use of RIPA. Guidance is given nationally as well as in response to individual inspection visits. The Council's last inspection was three years ago.

A particular focus of this review has been the growth in the use of social media by officers in various services for viewing and recording information about service users. The policy now contains clearer and more firmly directive advice about this practice.

No legal challenges to the Council's use of RIPA powers have been received. The Council's use of the powers through formal enforcement action has been limited to a small number of activities by Trading Standards, especially to control the on-line sale of counterfeit goods and regulated products such as tobacco.

Agenda Item 11 Financial Statements Plans and Progress 19/20

Question - Plans look fine , though I would like an update on the potential impact of Covid 19 and the potential that the government may relax the date for submission of accounts and audit?

Response from Vicky Chuter, Financial Reporting Manager - *MHCLG has now issued the amendment to the Accounts and Audit Regulations which confirm the extended timetable for the publication of the 2019/20 financial statements. All local authority bodies will have until 30 November 2020 to publish the audited accounts. The public inspection period must start on or before the first working day in September, which means the council will have until 31 August at the latest to publish draft accounts. The amended regulations also permit authorities publishing their accounts earlier than those dates, so for this year authorities must publish the dates of their public inspection period, explaining why they are departing from normal practice for 2020.*

At this stage, the council is still working to the original timetable of 31 May for both the County Council and Pension Fund accounts, subject to there being no issues in terms of resourcing. It is anticipated that the Pension Fund statements will be completed by 31 May, subject to there being no issues in terms of the provision of information from third parties and also the vast majority of the West Sussex financial statements too, although there is one element relating to the council's share of the district's and borough's collections funds, which is included in the financial statements but will be delayed because of an extension to the date when the districts and boroughs are required to submit their NNDR returns for 2019/20 (now set as 31 July 2020). The original deadline for receiving this information from the districts and boroughs was early May, and the council is in discussion with the districts and boroughs to confirm when this information will now be available. The council have also been in discussion with EY and they are intending to start the audit of the statements at the beginning of June, recognising that the statements may not be finalised at this stage.

In addition, to ensure that the council is able to fully reflect the impact of Covid 19 in terms of the council's financial outlook and to safeguard against any further unforeseen delays in either the production or the audit of the financial statements, a potential second later date for the audit committee in September 2020 will be arranged.

Specifically for the Pension Fund, there will be additional disclosures required as a result of the uncertainty caused by the current market environment – an example being the material uncertainty in the property valuation.

Question - Re the draft Accounting policies – may we be advised of any changes from last year please, this takes a huge time pressure off members and they are more likely to take note.

Response from Vicky Chuter -

West Sussex County Council

The most significant changes are to policy (ii) Property, Plant and Equipment. The Council has adapted its policy so that the estimated remaining useful lives of its buildings (including componentised assets) as used for the purposes of calculating depreciation are now provided by its external valuer. The Code confirms that useful lives are considered an accounting estimate and therefore changes are to be applied prospectively i.e. no prior period adjustment is necessary. Additionally, the Council's policy regarding the recognition of schools' non-current assets has been reworded to ensure alignment with the latest provisions of the Code and to remove duplication with its Critical Judgements disclosure. This has no impact on the recognition of school assets by the Authority. Finally, this policy has been amended to reflect the adoption by the Council of its inaugural Flexible Use of Capital Receipts Strategy.

Changes have also been made to accounting policy (iv) Charges to Revenue for Non-Current Assets, to confirm the arrangements for accounting for lease premiums such as the cost of the IT equipment refresh which was incurred during 2019/20.

The opportunity has also been taken to make some other minor changes to the summary of accounting policies. These changes are intended to remove unnecessary detail in line with CIPFA's 'Cut the Clutter' initiative, ensure ongoing alignment with the example accounting policies in CIPFA's Code of Practice Guidance Notes where appropriate, and address issues raised by EY during their previous audit. The changes are designed to provide clarification, streamline or to address previous omissions, and none are intended to reflect a change in existing practice.

Pension Fund

There was only a minor change in section (f) to update the investment management expenses for the Baillie Gifford fee for 2018/19.

Question - With reference to P165 WSCC Closedown Milestones and P166 WSPF Closedown Milestones; Will this schedule all change now, including the RAAC Member Briefing in June?

Response from Vicky Chuter - As at this point of time, the majority of the dates will remain unchanged in line with the council's intention to produce the draft statements for both West Sussex County Council and the Pension Fund, as complete as possible, by 31 May. Although the date for the outturn collection funds from the districts and boroughs, which was originally set as 1 May 2020 on Page 165, will change once confirmed with the districts and boroughs and this will have an impact on when a complete and signed set of statements will be available for West Sussex County Council. The RAAC Member Briefing is currently scheduled for 25 June and it is very likely that this will need to be rescheduled.

Agenda item 12 Draft Annual Governance statement

Question - It would have been good to highlight those items of change from the previous year in red for ease of reading. Similarly Appendix A , I would have liked to have seen the previous years last reviewed/ action planned.

Response from Charles Gauntlett, Senior Advisor - Each year the document is newly produced and is standalone. While there may be similarities from year to year, councillors are encouraged to consider the whole document and whether it accurately reflects the governance arrangements in place. As the draft report was prepared before the year-end, the previous year action outcomes are not included at this stage. This is because directors are asked to prepare an annual assurance statement which includes an update on the previous year's actions after year end.

Question - Page 228 point 71 re Risk Management Strategy – I am not comfortable with this. Happy to discuss with Charles.

Response from Charles Gauntlett - Paragraph 71 is a factual statement which sets out existing arrangements in line with the executive and non-executive functions of the Council. I'm happy to discuss the detail with Joy Dennis.

Question - Section D in Appendix A, P221, refers to the performance measures in the West Sussex Plan, the Performance Dashboard and the Total Performance Monitor. Are these still 'fit for purpose' in the light of the recent challenges facing the Council? Are there any plans to review them? (seemingly not according to the top of P234).

Response from Charles Gauntlett - These are the current measures and I am not aware of any plans to review them.

COVID-19 – Emerging Risks Areas



With the unprecedented scale of COVID-19 coupled with the speed of its impact and the wide ranging challenges it has presented, local authorities have had to react promptly and positively to the complex issues raised to ensure that the essential services they provide and the best interest of the people they serve are protected and maintained.

The exceptional demands this crisis has placed on local authorities has necessitated new and different ways of working to navigate the unique challenges posed.

Such challenges and subsequent resolutions bring with them new and emerging risks that management need to consider, manage and mitigate. In response, the Southern Internal Audit Partnership has considered and produced a list of consequential and emerging risk areas that more prominently present themselves or are born by the necessary or imposed actions to meet and address the crisis we currently face.

The risk areas identified below are not exhaustive but do reflect on many of the circumstances faced by SIAP Partners and intelligence gained from other local authorities across the country.

Key risk areas

- Distribution of Business Grants
- Other COVID-19 Funding (e.g. homelessness, social care, business rate/ council tax relief, local grants etc)
- Governance (decision making, delegated powers, GDPR, risk management)
- Homeworking
- Performance Management
- Staff Welfare
- Health & Safety
- IT Security (user access, cyber, malware (masquerading as guidance on COVID-19), offsite data-storage services)
- IT Capacity (remote access, telephone systems, internet connectivity)
- Procurement
- Contract Management (supply chain management)
- Reputational risks of how as an organisation you are responding / communicating with the public
- Fraud risks – emerging opportunities internally and externally
- Emergency Planning / Business Continuity
- Financial resilience (e.g. impact on MTFs assumptions arising from cost of response to COVID-19, reduced income generating activities, trading arms, treasury management etc)
- Resilience and single points of failure

The Southern Internal Audit Partnership are happy to work with organisations to explore and provide assurance in respect of these key risk areas either in addition or through reprioritisation of existing audit plans.

Should you wish to discuss further please contact: Neil Pitman, Head of the Southern Internal Audit Partnership; Email: Neil.Pitman@hants.gov.uk

West Sussex County Council

Audit planning report update

Year ended 31 March 2020

25 June 2020



Building a better
working world



25 June 2020

Regulation, Audit and Accounts Committee
West Sussex County Council
County Hall
West Street
Chichester
PO19 1RQ

Dear Committee Members

Audit planning report update
Year ended 31 March 2020

This report provides the Regulation, Audit and Accounts Committee with an update to our risk identification for the 2019/20 audit, reflecting the changes in risks identified in the current year.

In our audit planning report presented at the 23 March 2020 Regulation, Audit and Accounts Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. Following the coronavirus outbreak we have re-assessed our audit scope and strategy. We provide an update to the significant accounting and auditing matters, and audit approach outlined in the Audit Planning Report.

Section 1 - changes to audit risks
Section 2 - changes to audit scope

If you have any queries in respect of this report, please contact me.

Yours faithfully



Helen Thompson
For and on behalf of Ernst & Young LLP
Enc



01

Audit risks



Our response to significant risks

We set out the significant risk identified for the current year that has changed subsequent to the issue of our Audit Planning Report, together with the rationale and expected audit approach.

Valuation of Property Plant and Equipment (PPE) and Investment Property (IP)

Financial statement impact

Misstatements that occur in relation to valuation could affect the year end carrying value of Property, Plant and Equipment (31 March 2020: £1,986,602k), Investment Properties (31 March 2020, £91,401k) and Assets Held for Sale (£1,840k)

What is the risk?

PPE and IP, and in particular Land and Buildings, is the largest figure in the Council's balance sheet. The valuation of land and buildings is complex and is subject to a number of material management assumptions and judgements. A small movement in these assumptions can have a material impact on the financial statements.

We had previously treated the valuation of land and buildings as an area of high inherent risk and therefore an area of audit focus in our Audit Plan. Subsequent to issuing our Plan the Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, has issued guidance to valuers highlighting that the uncertain impact of Covid-19 (C-19) on markets might cause a valuer to conclude that there is a material uncertainty. Caveats around this material uncertainty have been included in the year-end valuation reports produced by the Council's external valuer.

In light of the market volatility brought about by C-19, and the inclusion of a material uncertainty paragraph in the external valuer's report we have determined that the valuation of PPE and IP should be treated as a significant risk in our audit approach. This applies only to operational PPE valued at Existing Use Value and Investment Property valued at Fair Value. We consider operational PPE valued at Depreciated Replacement Cost to be less likely to be impacted by the market volatility brought about by C-19 and therefore not within the scope of our significant risk.

What will we do?

We will:

- Consider the work performed by the Council's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work.
- Sample test key asset information used by the valuer in performing its valuation (e.g. floor plans to support valuations based on price per square metre) and challenge the key assumptions used by the valuer.
- Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE and annually for Investment Property.
- Review assets not subject to valuation in 2019/20 to confirm that the remaining asset base is not materially misstated.
- Test accounting entries have been correctly processed in the financial statements.

Additional procedures necessary to address the risks created by C-19:

We will:

- Ensure the appropriate disclosure has been made in the accounts concerning the material uncertainty.
- Commission EY Real Estates, our internal specialists on asset valuations, to consider the valuation approach in more detail for a sample of assets which we consider more likely to be impacted by the market volatility brought about by C-19.

Our response to areas of audit focus

We identify other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures. We set out below the one new area of audit focus identified subsequent to the issue of our audit plan.

| | What is the risk? | What will we do? |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p data-bbox="120 451 412 571">Disclosures on Going Concern and Events after the balance sheet date</p> <p data-bbox="120 774 383 834">Financial statement impact</p> <p data-bbox="112 850 443 943">We have identified a risk to disclosures concerning the Covid-19 pandemic.</p> <p data-bbox="112 978 452 1070">We consider the risk applies to going concern and post balance sheet disclosures.</p> <p data-bbox="112 1106 459 1329">Considering the financial position of the Council we do not believe it appropriate to treat this as a significant risk, rather that it should be treated as an area of audit focus in our approach.</p> | <p data-bbox="508 483 1469 639">Covid-19 has created a number of financial pressures throughout local government, creating financial stress in either, or a combination of, increasing service demand leading to increased expenditure in specific services, and reductions in income sources. There is currently no clear statement of financial support from MHCLG that covers all financial consequences of Covid-19.</p> <p data-bbox="508 675 1473 1182">There have been a number of media stories in both the national press and trade publications raising the possibilities of an increase in chief financial officers using their s114 powers. This could be under s114(3), insufficient resources to fund likely expenditure. CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 sets out that organisations that can only be discontinued under statutory prescription shall prepare their accounts on a going concern basis. However, International Auditing Standard 570 Going Concern, as applied by Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom, still requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report. We are obliged to report on such matters within the section of our audit report 'Conclusions relating to Going Concern'. To do this, the auditor must review management's assessment of the going concern basis applying IAS1 Presentation of Financial Statements.</p> <p data-bbox="508 1217 1473 1310">The auditor's report in respect of going concern covers a 12-month period from the date of the audit report, therefore the Council's assessment will also need to cover this period.</p> <p data-bbox="508 1345 1400 1501">Events after the balance sheet: There is increased risk that further events after the balance sheet date concerning the current Covid-19 pandemic will need to be disclosed. The amount of detail required in the disclosure will need to reflect the specific circumstances of the Council.</p> | <p data-bbox="1509 483 2141 895">In light of the unprecedented nature of Covid-19, its impact on the funding of public sector entities and uncertainty over the form and extent of government support, we will be seeking a documented and detailed consideration to support management's assertion regarding the going concern basis and particularly with a view whether there are any material uncertainties for disclosure. We will review your updated going concern disclosures within the financial statements under IAS1, and associated financial viability disclosures within the Narrative Statement. We expect you to disclose any material uncertainties that do exist.</p> <p data-bbox="1509 898 2141 1086">These disclosures should also include the process that has been undertaken for revising financial plans and cashflow, liquidity forecasts, known outcomes, sensitivities, mitigating actions including but not restricted to the use of reserves, and key assumptions (e.g. assumed duration of Covid-19).</p> <p data-bbox="1509 1137 2096 1198">Our audit procedures to review these will include consideration of:</p> <ul data-bbox="1541 1217 2096 1437" style="list-style-type: none"> • Current and developing environment. • Liquidity (operational and funding). • Mitigating factors. • Management information and forecasting. • Sensitivities and stress testing. |

Other areas of audit focus

We identify other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report. We set out below the one area of audit focus that has changed subsequent to issue of our audit plan.

| What is the risk/area of focus? | What will we do? |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>IFRS 16 Leases</p> <p>This new accounting standard is applicable for local authority accounts from the 2020/21 financial year and will change:</p> <ul style="list-style-type: none">• How operating leases are recognised (as lessee); and• The disclosure requirements for operating leases (as lessee). <p>The 2020/21 CIPFA Code of Practice on Local Authority accounting has not yet been issued. However, the Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new accounting standard, but one which has not yet been implemented</p> | <p>The adoption of IFRS 16 by the CIPFA Code of Practice on Local Authority Accounting as the basis for preparation of local government financial statements has been deferred to 2021/22. The Council will therefore no longer be required to disclose the impact of the standard in the financial statements.</p> <p>We therefore no longer consider this to be an areas of audit focus.</p> |



02 Scope of our audit



Impact of Covid-19

Other potential impacts of Covid-19

The ongoing disruption to daily life and the economy as a result of the C-19 virus will have a pervasive impact upon the financial statements. Understandably, the priority for the Council to date has been to ensure the safety of staff and the delivery of business critical activities. However, the financial statements need to reflect the impact of C-19 on the Council's financial position and performance. We have not identified further significant risks or areas of audit focus related to C-19 other than those set out previously as part of this audit plan update, but wish to highlight the wide range of ways in which C-19 could impact the financial statements. Over-and-above the areas already considered these may include, but not be limited to:

- Revenue recognition – there may be an impact on income collection (council tax and business rates) if businesses and residents are unable to work and earn income due to the lockdown and restriction of movement due to C-19.
- Tangible assets – there may be impairment of tangible assets if future service potential is reduced by the economic impact of the virus. The Council may also have already incurred capital costs on projects where the economic case has fundamentally changed.
- Valuation of investments – the valuation of investments may be made more difficult due to the market volatility brought about by the impact of C-19 at the end of the financial year.
- Pensions – volatility in the financial markets is likely to have a significant impact on pension assets, and therefore net liabilities. We already treat this as a high inherent risk estimate and area of audit focus in our audit approach.
- Receivables – there may be an increase in amounts written off as irrecoverable and impairment of year-end balances due to the increased number of businesses and residents unable to meet their financial obligations.
- Holiday and sickness pay – the change in working patterns may result in year-end staff pay accruals which are noticeably different to prior years.
- Government support – C-19 specific government support is likely to be a new transaction stream and may require development of new accounting policies and treatments.
- Annual Governance Statement – the widespread use of home working is likely to change the way internal controls operate. The Annual Governance Statement will need to capture how the control environment has changed during the period and what steps were taken to maintain a robust control environment during the disruption. This will also need to be considered in the context of internal audit's ability to issue their Head of Internal Audit opinion for the year, depending on the ability to complete the remainder of the internal audit programme.

In addition to the impact on the financial statements themselves, the disruption caused by C-19 may impact on our ability to complete the audit as efficiently as normal. For example, it may be more difficult than usual to access the supporting documentation necessary to support our audit procedures. There will also be additional audit procedures we have to perform to respond to the additional risks caused by the factors noted above.

The changes to audit risks and audit approach will change the level of work we perform. This will impact the audit fee. We will agree changes to the audit fee with management and report back to the Regulation, Audit and Accounts Committee in our Audit Results Report.

Materiality

Materiality

We have considered the materiality levels we reported to you in our Audit Planning Report, and whether any change to our materiality is required in light of C-19. Following this consideration we remain satisfied that the basis for planning materiality, performance materiality and our audit threshold for reporting differences reported to you in our Audit Planning Report remains appropriate, but will update materiality based on the draft financial statements received for audit and report our updated materiality levels as part of our Audit Results Report.

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West Sussex Pension Fund

Audit planning report update

Year ended 31 March 2020

25 June 2020



Building a better working world



25 June 2020

Regulation, Audit and Accounts Committee
West Sussex County Council
County Hall
West Street
Chichester
PO19 1RQ

Dear Committee Members

Audit planning report update
Year ended 31 March 2020

This report provides the Regulation, Audit and Accounts Committee with an update to our risk identification for the 2019/20 audit, reflecting the changes in risks identified in the current year.

In our audit planning report presented at the 23 March 2020 Regulation, Audit and Accounts Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. Following the coronavirus outbreak we have re-assessed our audit scope and strategy. We provide an update to the significant accounting and auditing matters, and audit approach outlined in the Audit Planning Report.

Section 1 - changes to audit risks
Section 2 - changes to audit scope

If you have any queries in respect of this report, please contact me.

Yours faithfully



Helen Thompson
For and on behalf of Ernst & Young LLP
Enc



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Audit risks



Our response to significant risks

We set out the new significant risk identified for the current year subsequent to the issue of our Audit Planning Report, together with the rationale and expected audit approach.

Valuation of directly owned property investment assets

Financial statement impact

Misstatements that occur in relation to valuation could affect the year end carrying value of directly owned property (31 March 2020, £366,125k)

What is the risk?

Asset and liability valuations are classified into three levels in the Pension Fund's financial statements according to the quality and reliability of information used to determine fair values. Investment assets at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Level 3 assets are therefore inherently more difficult to value, and for the Fund include material directly owned investment property.

Valuation of directly owned property

We had previously treated the valuation of property investments as an area of high inherent risk and therefore an area of audit focus in our Audit Plan. Subsequent to issuing our Plan the Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, has issued guidance to valuers highlighting that the uncertain impact of Covid-19 (C-19) on markets might cause a valuer to conclude that there is a material uncertainty. Caveats around this material uncertainty have been included in the year-end valuation reports produced by the Fund's external valuer of its directly owned property investments.

In light of the market volatility brought about by C-19, and the inclusion of a material uncertainty paragraph in the external valuer's report we have determined that the valuation of directly owned property should be treated as a significant risk in our audit approach.

What will we do?

We will:

- Consider the work performed by the Fund's property valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work.
- Sample test key asset information used by the valuer in performing its valuation (e.g. floor plans to support valuations based on price per square metre) and challenge the key assumptions used by the valuer.
- Test accounting entries have been correctly processed in the financial statements.

Additional procedures necessary to address the risks created by C-19:

We will:

- Ensure the appropriate disclosure has been made in the accounts concerning the material uncertainty.
- Commission EY Real Estates, our internal specialists on asset valuations, to consider the valuation approach in more detail for a sample of assets.



02 Scope of our audit



Impact of Covid-19 and materiality

Other potential impacts of Covid-19

The ongoing disruption to daily life and the economy as a result of the C-19 virus will have some impact upon the financial statements. We have not identified further significant risks or areas of audit focus related to C-19 other than the additional significant risk set out previously as part of this audit plan update, but wish to highlight some of the ways in which C-19 could impact the financial statements. Over-and-above the areas already considered these may include, but not be limited to:

- Going concern and post balance sheet event disclosures – management’s assessment of whether the Fund is a going concern will need to consider the impact of the current conditions on the financial sustainability of the Fund including, but not limited to:
 - the impact on the carrying value of Fund assets;
 - the continued ability of scheduled and admitted bodies to pay contributions;
 - the level of reliance on investment income to pay benefits; and
 - the ease and speed with which investment assets can be converted to cash if necessary to support liquidity.

Additional narrative disclosure will be required on the future principal risks and uncertainties, including the known impact on investment values in 2020/21 to date. Given the relatively strong financial position of the Fund, as evidenced by the 2019 triennial valuation, our existing knowledge of Fund liquidity and the composition of its investments, we do not consider this to be a significant risk.

- Private equity assets – the Fund holds a material value of private equity investment assets (£90.7 million at 31 March 2020) which, like directly owned property assets, are also categorised and disclosed as Level 3 in the fair value hierarchy. The previous approach taken by the Fund to value these assets has needed to change because of market volatility brought about by C-19 in the final quarter of 2019/20. We will need to consider the revised valuation approach taken by the Fund and relevant fund managers to gain assurance that the impact of C-19 on investment values has been properly accounted for in the financial statements.

In addition to the impact on the financial statements themselves, the disruption caused by C-19 may impact on our ability to complete the audit as efficiently as normal. For example, it may be more difficult than usual to access the supporting documentation necessary to support our audit procedures. There will also be additional audit procedures we have to perform to respond to the additional risks caused by the factors noted above.

The changes to audit risks and audit approach will change the level of work we perform. This will impact the audit fee. We will agree changes to the audit fee with management and report back to the Regulation, Audit and Accounts Committee in our Audit Results Report.

Materiality

We have considered the materiality levels we reported to you in our Audit Planning Report, and whether any change to our materiality is required in light of C-19. Following this consideration we remain satisfied that the basis for planning materiality, performance materiality and our audit threshold for reporting differences reported to you in our Audit Planning Report remains appropriate. but will update materiality based on the draft financial statements received for audit and report our updated materiality levels as part of our Audit Results Report.

Regulation, Audit & Accounts Committee

23 July 2020

Internal Audit – Annual Audit Report 2019 / 20

Report by Head of Southern Internal Audit Partnership

Executive Summary

This report provides a summary of Internal Audit activity during 2019/20. The Head of Internal Audit's overall opinion that the Council's framework of governance, risk management and control is 'limited'.

Recommendation

The Committee is asked to approve the annual audit report for the year ended 31 March 2020.

1. Introduction

- 1.1 This report sets out the individual and collective outcomes of the audit reviews undertaken during the year ended 31st March 2020. It also provides an audit opinion of the control environment based on this audit work.

2. Audit Opinion

- 2.1 Internal Audit is an assurance function whose primary purpose is to provide an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance, in support of the objectives of the Council.
- 2.2 The annual audit plan is prepared to take into account key areas of risk and was approved by the Regulation, Audit & Accounts Committee (RAAC). The internal audit plan has been delivered in accordance with the Public Sector Internal Audit Standards (PSIAS).
- 2.3 Audit work has been undertaken to obtain all information and explanations considered necessary to provide sufficient assurance that the control environment is both reasonable and effective. Whilst no assurance can ever be absolute, on the basis of audit work completed, it is the Head of Internal Audit's opinion that the County Council's framework of governance, risk management and control is 'limited'.

3. Resource Implications and Value for Money

- 3.1 None arising directly from this report

4. Equality Duty.

- 4.1 An Equality Impact Report is not required for this decision as report dealing with internal or procedural matters only.

5. Risk Management Implications

- 5.1 There are risks associated with services not addressing key recommendations arising from the audit findings. Follow up audit review will be undertaken to ensure that agreed actions have been implemented. A report detailing the status of high priority Internal Audit recommendations will be presented to each meeting of this Committee for monitoring to ensure that key risks are addressed on a timely basis.

Katharine Eberhart
Director of Finance and Support Services

Neil Pitman
Head of Southern Internal Audit Partnership

Contact: Neil Pitman, 0330 222 3672

Appendices
Appendix A – Annual Internal Audit Report & Opinion 2019 - 20

Background Papers
None

Annual Internal Audit Report & Opinion

2019 - 20

West Sussex County Council



Southern Internal Audit Partnership

Assurance through excellence
and innovation

Contents

| Section | Page |
|--------------------------------------------------------------|-------|
| 1. Role of Internal Audit | 3 |
| 2. Internal Audit Approach | 4 |
| 3. Internal Audit Opinion | 5 |
| 4. Internal Audit Coverage and Output | 6-8 |
| 5. Key Observations | 9-11 |
| 6. Anti-Fraud and Corruption | 12-14 |
| 7. Quality Assurance and Improvement | 15 |
| 8. Disclosure of Non-Conformance | 16 |
| 9. Quality control | 16 |
| 10. Internal Audit Performance | 17 |
| 11. Acknowledgement | 17 |
| Appendix 1 Final Internal Audit Reviews – Assurance Opinions | 18 |

1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body 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.’

The standards for ‘proper practices’ are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].



The role of internal audit is best summarised through its definition within the Standards, as an:

‘Independent, objective assurance and consulting activity designed to add value and improve an organisations operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisations objectives.

2. Internal Audit Approach

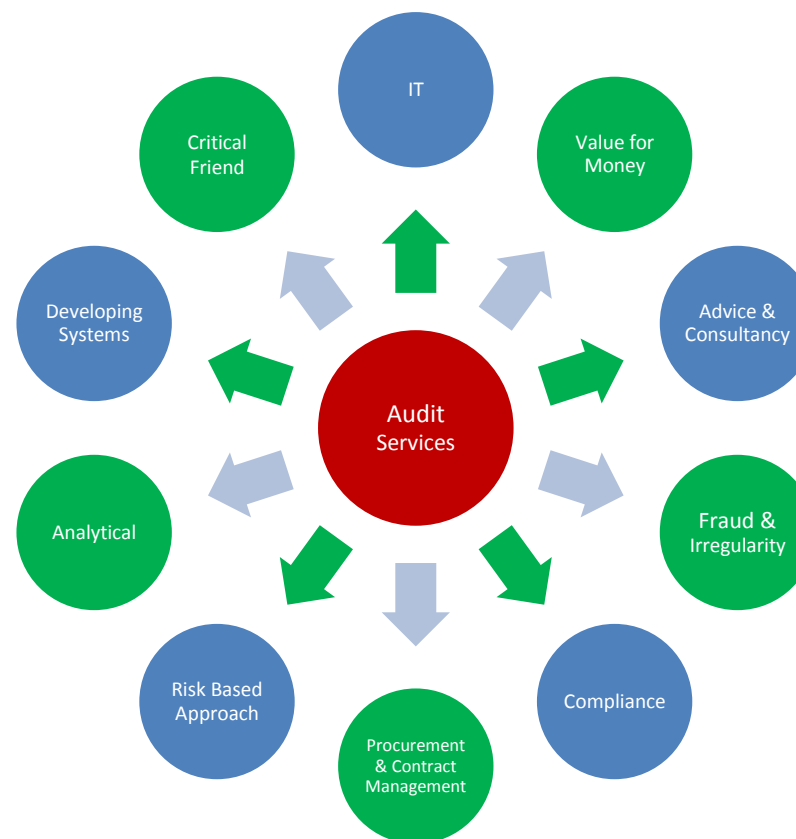
To enable effective outcomes, internal audit provides a combination of assurance and consulting activities. Assurance work involves assessing how well the systems and processes are designed and working, with consulting activities available to help to improve those systems and processes where necessary.

A full range of internal audit services is provided in forming the annual opinion.

The approach to each review is determined by the Head of the Southern Internal Audit Partnership and will depend on the:

- Level of assurance required;
- Significance of the objectives under review to the organisation’s success;
- Risks inherent in the achievement of objectives; and
- Level of confidence required that controls are well designed and operating as intended.

All formal internal audit assignments will result in a published report. The primary purpose of the audit report is to provide an independent and objective opinion to the County Council on the framework of internal control, risk management and governance in operation and to stimulate improvement.



3. Internal Audit Opinion

The Head of the Southern Internal Audit Partnership is responsible for the delivery of an annual audit opinion and report that can be used by the County Council to inform its governance statement. The annual opinion concludes on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.

In giving this opinion, assurance can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses in the processes reviewed. In assessing the level of assurance to be given, I have based my opinion on:

- written reports on all internal audit work completed during the course of the year (assurance & consultancy)
- results of any follow up exercises undertaken in respect of previous years’ internal audit work
- the results of work of other review bodies where appropriate
- the extent of resources available to deliver the internal audit work and the extent of audit needs covered
- the quality and performance of the internal audit service and the extent of compliance with the Standards

The significant impact and subsequent challenges posed by the coronavirus pandemic (Covid-19), both to the way we work and the delivery of the Council’s services, has resulted in some delays in completing planned 2019/20 reviews, particularly those planned for completion in the latter part of the year. However, this delay has not inhibited my ability to provide an opinion on the operation of the organisation’s framework of risk management, governance, and control during 2019-20.

Annual Internal Audit Opinion 2019-20

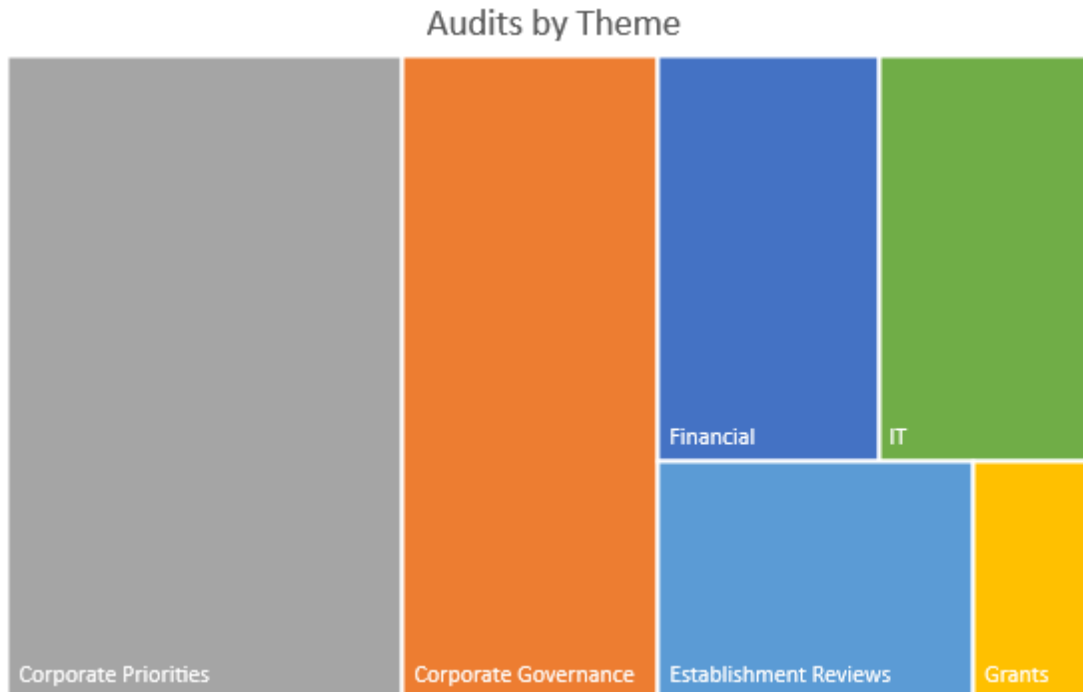
“I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of West Sussex County Council’s internal control environment.

It is my opinion, West Sussex County Council’s framework of governance, risk management and control is ‘Limited’. This is formed on the basis of internal audit’s own assurance work during the year and taking account of the conclusions of other external reviews and inspections which highlighted significant concerns regarding the Council’s governance framework.

Where weaknesses have been identified through internal audit reviews, we have worked with management to agree appropriate corrective actions and a timescale for improvement.”

4. Internal Audit Coverage and Output

The annual internal audit plan was prepared to take account of the characteristics and relative risks of the Council’s activities and to support the preparation of the Annual Governance Statement.



Work has been planned and performed so as to obtain sufficient information and explanation considered necessary in order to provide evidence to give reasonable assurance that the internal control system is operating effectively.

The 2019-20 Internal audit plan, approved by the Regulation, Audit and Accounts Committee in March 2019, was informed by internal audits own assessment of risk and materiality in addition to consultation with management to ensure it aligned to key risks facing the organisation.

The plan has remained fluid throughout the year to maintain an effective focus.

In delivering the internal audit opinion internal audit have undertaken 48 reviews during the year ending 31 March 2020.

Due to the breadth of audit coverage across the organisation there has been an inevitable impact on the delivery of those reviews scheduled for completion within the quarter four portfolio allocations which has either resulted in delays or early cessation of planned audit work.

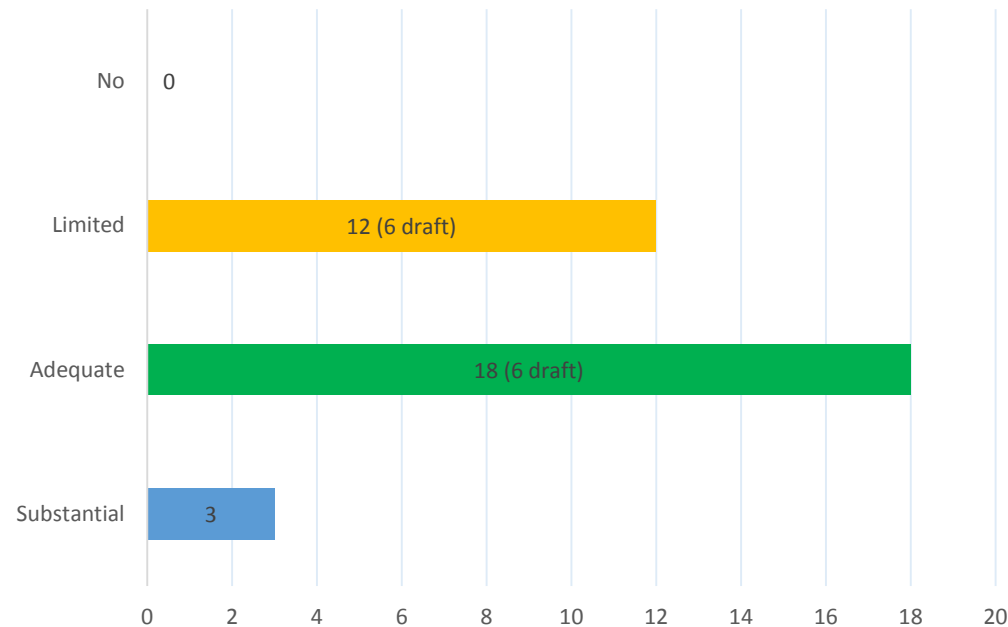
The revised 2019-20 internal audit plan has been delivered with the following exceptions:

- Work had commenced but halted prior to completion either due to availability of staff or difficulties in auditing the service area virtually in respect of 2 reviews:
 - Cornfield School,
 - Fraud Proactive – Care related payments

- Fieldwork remains in progress in respect the Children’s Services – Investment plan review. It is fully anticipated that assurance work will be completed in this area in the near future and will be reported to Senior Management and the Regulation Audit & Accounts Committee as part of our next progress report.

- Work is substantially complete, and an opinion has been formed for 15 reviews however, final reports have not yet been agreed:
 - Contract Management – Crawley Schools PFI (Limited)
 - Information Governance - FOI Process (Adequate)
 - Travel Management Hub (Adequate)
 - Capital Programme Governance (Adequate)
 - Data Storage & Data Backup (Limited)
 - Problem Incident & Management (Adequate)
 - SEND Special Educational Needs (Limited)
 - Asset Protection – Recoverable works (Adequate)
 - Fraud Proactive – Purchasing Cards (Limited)
 - Fraud Proactive – Companies House Matches (Limited)
 - Crawley Dual Use Agreement (Limited)
 - Children’s Safeguarding QAF (Position Statement)
 - Whole Council Design – Governance (Position Statement)
 - Externally Managed Investments & Pooling Arrangements (Position Statement)
 - Procurement – significant projects (Adequate)

I do not consider these exceptions to have an adverse impact on the delivery of my overall opinion for the period. The opinion assigned to each internal audit review on issue (including draft reports) is defined as follows:



Substantial – There is a sound system of control designed to achieve the objectives. Compliance with the control process is considered to be of a high standard and few or no material errors or weaknesses were found;

Adequate - While there is a basically sound system, there are weaknesses, which 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; or

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.

*14 reviews (3 in draft) did not culminate in an audit opinion as they relate to work conducted in respect of consultancy, advice, assurance mapping, grant certification or concluded with a position statement

5. Key Observations

There were no 'No Assurance' opinions issued during the year. However, there were some areas identified that provide challenge to the organisations risk environment:

Governance

During the year internal audit commenced a review focused on the governance and transparency of reporting of the Whole Council Design Programme, and its alignment with the council's scheme of delegation. At the time, the Programme was overseen by the Transformation Board.

In August 2019 (during the course of the audit) the Transformation Board was disbanded, and the audit review was paused. Our findings at the time found governance to support the delivery of the Transformation Board to be weak, ineffective and did not recognise constitutional requirements.

Since disbanding the Transformational Board, the Council have undertaken a review of Whole Council Design to re-evaluate the Programme workstreams and re-prioritise timelines, costs and benefits. Revised workstreams are incorporated within the 2020/21 internal audit plan.

Additionally, through commentary and recommendations from external review and inspection, most notably the Children's Commissioner report, significant concerns have been raised with regard to the Council's framework of governance, most notably cultural behaviours and practices, the model of political governance, delegated authorities and decision making processes.

The council have responded positively to observations raised from external challenge, by commissioning a programme of work (Good Governance Review) to review governance across the organisation. Whilst the programme was unavoidably delayed by the impact of COVID-19, it has now regained momentum. Ongoing review and progress will form a fundamental part of the 2020/21 internal audit plan.

Information Technology

IT Services are delivered through the Council's contract with Capita. During the year we concluded on a number of limited assurance reviews on key aspects of the IT environment including:

- *IT Asset Management* - The Asset Management Data Base (AMDB) had not been effectively maintained and assurance could not be provided that it accurately reflected the Council's estate of hardware and software. At the time of the review, there had been no reconciliation of devices recorded on the AMDB to actual assets in use or connected to the network via the Active Directory. The leavers process did not consistently ensure that all devices were returned, or reallocations recorded.
- *Firewalls* - There was no dedicated firewall policy to define the standards for provisioning, configuring and managing firewalls or process to periodically review and/or renew the firewall architecture. At the time of the review, firewalls were not subject to a maintenance plan to ensure updates were applied promptly and there was no up to date inventory of firewalls. The Capita IT Security Standard states firewall rulesets are reviewed annually however at the time of the audit, the task was six months overdue.
- *Disaster Recovery Planning* - The last comprehensive disaster recovery test was undertaken during 2018. The test highlighted a series of lessons learnt; however, these were not captured in a formal action plan to ensure they were assigned ownership, or fully implemented in a timely manner. At the time of the audit review no annual disaster recovery test date had been agreed for 19/20.

Required documentation, equipment and hardware to support disaster recovery arrangements were found to be either out of date or absent.

- *IT Backups* - Policies, procedures or process documents for the backup service were not evident at the time of the review, additionally, expertise to support the backup processes resides with an experienced but finite number of staff, presenting a risk in respect of service resilience.

Much of the infrastructure supporting the backup service was found to be aging and out of date. One server was identified that reached 'end of life' status in 2009.

Quality Assurance Framework (Adult Services)

The Adult Services Quality Assurance Framework (QAF) was last reviewed by the Council in October 2019, however, was completed in isolation of the new Safeguarding Adults Board QAF which was observed to be a more modern and intuitive document.

The QAF had not been discussed at the Adult Health Leadership Team (AHLT) with a view to setting the strategic direction for the quality assurance priorities. Additionally, there had been no reporting into the AHLT on the outcome of any quality assurance activity since November 2019, nor engagement to drive and improve quality assurance operationally as a key component of business activity.

Whilst there was a mechanism for feeding back learning from the QAF, the framework did not identify how the authority would verify learning had been embedded.

Allowances (Compliance)

Outcomes from the review, which focused on business travel, weekend working, unsocial hours, Saturday enhancements and overtime found policies to be inconsistent, unclear and not sufficiently comprehensive increasing the risk of inaccurate or inappropriate claims.

There were found to be inconsistencies in relation to the claiming of home to work mileage resulting in overclaimed mileage in nearly half of claims tested and insufficient information recorded in others to assess whether home to work mileage had been correctly deducted.

Half of claims tested for allowances and enhancements for weekend working, unsocial hours, Saturday enhancement and overtime were not claimed and paid in accordance with current policy.

Managers were found to not routinely verify claims to ensure that criteria for claiming allowances were met and had not routinely taken appropriate action when claims did not meet criteria resulting in repeat errors/issues.

Software in place to monitor data relating to allowances and enhancements was not fully optimised.

6. Anti-Fraud and Corruption

The County Council is committed to the highest possible standards of openness, probity and accountability and recognises that the electorate need to have confidence in those that are responsible for the delivery of services. A fraudulent or corrupt act can impact on public confidence in the County Council and damage both its reputation and image. The Council maintains a suite of strategies and policies to support the effective management of the prevention, detection and investigation of fraud and corruption (Anti-Fraud & Corruption Strategy and Response Plan; Whistleblowing Policy and Anti Bribery Policy).

Counter-fraud activity during the year has delivered a programme of proactive and reactive work to complement the internal audit strategy and annual plan focusing resource against assessed fraud risks in addition to new and emerging threats.

Reactive Fraud Activity

The Southern Internal Audit Partnership work with West Sussex County Council in the effective review and investigation of any reported incidents of fraud and irregularity. All such reviews are undertaken by professionally accredited (CIPFA CCIP) staff, in accordance with the Council's Anti-Fraud & Corruption Policy and Response Plan.

Analysis highlights the fraud types that have been subject to internal audit input across West Sussex County Council during 19/20 (benchmarked against the previous two years). It should be acknowledged that the figures relate to areas of investigation / advice and not proven fraud.

The 'fraud types' evident in the table are reflective of national trends and as such are not issues unique to West Sussex County Council.

| Type | 17/18 | 18/19 | 19/20 |
|-----------------------|-----------|-----------|-----------|
| Social Care | 8 | 9 | 12 |
| School Related | 4 | 1 | 3 |
| Procurement | 1 | 3 | 0 |
| Pensions | 3 | 1 | 0 |
| P-Card | 1 | 4 | 2 |
| Employee/ Recruitment | 4 | 4 | 3 |
| Blue Badge | 6 | 3 | 4 |
| Mandate | 5 | 5 | 4 |
| Others | 4 | 2 | 2 |
| Total | 36 | 32 | 30 |

During 2019/20 two fraud investigations were undertaken by SIAP. One was in relation to a mandate fraud in which the Council were victim to a sophisticated attack in which the perpetrator infiltrated the email of the recipient of a council grant resulting in a loss of £50,000, the police were notified of the incident. The other investigation remains ongoing and relates to an employee's expense claims.

National Fraud Initiative (NFI)

The NFI is a statutory exercise facilitated by the Cabinet Office that matches electronic data within and between public and private sector bodies to prevent and detect fraud.

2019/20 was a match release year and our work focussed on facilitating match enquiries received and assisting departments with the investigation of matches. This exercise is now complete, and all match reports have been closed on the Cabinet Office NFI website. The exercise has identified fraud or irregular activity to an approx. value of £108,000 (pensions £15,000 and concessionary fares £93,000*) for which arrangements are to be put in place to recover where appropriate.

*As a result of the NFI, 3,896 concessionary travel passes were cancelled from the database. Although no fraud was identified, the Cabinet Office assigns a notional value of £24 per pass saved to the public purse based on the cost of reimbursement to bus operators for journeys made under the concessionary pass scheme

Proactive Approach - Whilst the established process to reactive fraud assists the Council in responding to notified incidents or suspicions of fraud and irregularity, it is equally important to ensure proactive initiatives are appropriately explored to understand, prevent and detect fraud risks across the organisation. Initiatives and subsequent outcomes during the year included:

- The annual CIPFA fraud survey was completed on behalf of the Council and submitted in accordance with the June 2019 deadline.
- Advice and guidance were provided across approx. 180 enquiries.
- The SIAP developed a mandatory fraud awareness training session specifically for the authority's procurement card approvers. The training has been delivered to 60 staff but has been paused during the current pandemic.
- We have continued to expand upon and develop our range of general fraud awareness training presentations with a view to benefit the Council through an offering of e-learning packages.
- A number of fraud circulars have been disseminated across the organisation highlighting new and emerging fraud risks.
- Three themed proactive reviews were undertaken during the year:

- *Procurement Cards* – our review used data analytics to examine P-Card transactions to identify and investigate potential fraud risks including inappropriate spend. Analysis highlighted a number of practices that increase the potential for fraudulent activity:
 - Circumvention of authorisation limits (splitting costs across a number of transactions)
 - payments that should have been processed through alternative routes
 - instances of personal spend
 - transactions submitted for review without receipts, or where the description is not clear and transparent

Details of fraudulent transactions are captured by the P-Card administration team; however, is not analysed to identify trends in behaviours or disseminated for learning across the wider organisation. Additionally, there was no monitoring information in place that specifically focuses on fraud risk indicators.

- *NFI - Companies House Matches* – the National Fraud Initiative (which is expanded upon below) compares payroll to Companies House data, to identify employees with potential undeclared interests that may give a financial advantage.

Checks required as part of the NFI guidance have been followed and identified no fraudulent activity in relation to the matches reviewed, however, the effectiveness of governance to support the declaration and oversight of business interests was of significant concern.

There were a significant number of undeclared interests and initial contact with Directorates found register of business interest to be absent, incomplete, or out of date.

Despite acknowledgement within the Annual Governance Statement 2018-19 and 2017-18 regarding concerns over the maintenance and transparency of declarations of interest, actions to address process and compliance are yet to embed across the organisation.

- *Pre-payment cards for direct payments* – the use of pre-payment cards seeks to provide greater transparency over direct payment transactions and streamlines the process for monitoring customer accounts.
Data analytics were used to examine spend to identify and investigate potential fraud risks including inappropriate spend. Controls in place to mitigate the risk of fraud were generally found to be robust

7. Quality Assurance and Improvement

The Quality Assurance and Improvement Programme (QAIP) is a requirement within ‘the Standards’. The Standards require the Head of the Southern Internal Audit Partnership to develop and maintain a QAIP to enable the internal audit service to be assessed against the Standards and the Local Government Application Note (LGAN) for conformance.

The QAIP must include both internal and external assessments: internal assessments are both on-going and periodical and external assessment must be undertaken at least once every five years. In addition to evaluating compliance with the Standards, the QAIP also assesses the efficiency and effectiveness of the internal audit activity, identifying areas for improvement.

An ‘External Quality Assessment’ of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2015.

In considering all sources of evidence the external assessment team concluded:

“It is our view that the Southern Internal Audit Partnership (SIAP) service generally conforms to all of the principles contained within the International Professional Practice Framework (IPPF); the Public Sector Internal Audit Standards (PSIAS); and the Local Government Application Note (LAGN).

There are no instances across these standards where we determined a standard below “generally conforms”, and 4 instances where the standard is assessed as “not applicable” due to the nature of SIAP’s remit.”

In accordance with PSIAS, annual self-assessments have been completed since the external inspection concluding that the Southern Internal Audit Partnership continues to comply with all aspects of the IPPF, PSIAS and LGAN.

8. Disclosure of Non-Conformance

In accordance with Public Sector Internal Audit Standard 1312 [External Assessments] which requires ‘an external quality assessment to be conducted at least once every five years by a qualified, independent assessor or assessment team from outside of the organisation’ I can confirm endorsement from the Institute of Internal Auditors that:

‘the Southern Internal Audit Partnership conforms to the, Definition of Internal Auditing; the Code of Ethics; and the Standards’

There are no disclosures of Non-Conformance to report.

9. Quality control

Our aim is to provide a service that remains responsive to the needs of the County Council and maintains consistently high standards. In complementing the QAIP this was achieved in 2019-20 through the following internal processes:

- On-going liaison with management to ascertain the risk management, control and governance arrangements, key to corporate success;
- On-going development of a constructive working relationship with the External Auditors to maintain a cooperative assurance approach;
- A tailored audit approach using a defined methodology and assignment control documentation;
- Review and quality control of all internal audit work by professional qualified senior staff members; and
- A self-assessment against the Public Sector Internal Audit Standards.

10. Internal Audit Performance

The following performance indicators are maintained to monitor effective service delivery:

| Performance Indicator | Target | 2018-19 Actual | 2019-20 Actual |
|------------------------------------------------------------------------------|-----------|----------------|----------------|
| Percentage of internal audit plan delivered (including draft reports) | 95% | 98% | 97% |
| Positive customer survey response | | | |
| <ul style="list-style-type: none"> West Sussex County Council | 90% | n/a | 96% |
| <ul style="list-style-type: none"> SIAP – all Partners | 90% | 99% | 98% |
| Public Sector Internal Audit Standards | Compliant | Compliant | Compliant |

Customer satisfaction has been assessed through response to questionnaire issued to a wide range of stakeholders including Members, senior officers and key contacts involved in the audit process throughout the year.

11. Acknowledgement

I would like to take this opportunity to thank all those staff throughout West Sussex County Council with whom we have made contact in the year. Our relationship has been positive, and management were responsive to the comments we made both informally and through our formal reporting.

Neil Pitman
Head of Southern Internal Audit Partnership
July 2020

Appendix 1

Final Internal Audit Reviews – Assurance Opinions

| Substantial | Adequate | Limited | No | Other |
|-----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Contract Management - WSP Framework (Highways)</p> <p>Treasury Management</p> <p>Change Management</p> | <p>Document management & retention</p> <p>Accounts Payable</p> <p>Schools – GDPR compliance</p> <p>Schools – Website content</p> <p>St Andrew’s Primary School</p> <p>Clapham & Patching</p> <p>Fire Core Financial Systems</p> <p>Glebelands</p> <p>Commuted Sums (post agreement) Maintenance of Assets</p> <p>Civil Parking Arrangements</p> <p>Crowdfunding (SpaceHive)</p> <p>Fraud Proactive - Prepayment cards for Direct payments</p> | <p>IT Asset management</p> <p>Allowances</p> <p>Disaster Recovery Planning</p> <p>Firewalls & Malware Protection</p> <p>QAF (Adults Safeguarding)</p> <p>Intentionally Homeless – Financial Control</p> | | <p>Position Statements:</p> <p>Decision Making and Accountability</p> <p>Virtual School Pupils Premium</p> <p>HMIC inspection follow up</p> <p>Mosaic User Access</p> <p>Assurance Mapping:</p> <p>Budgetary Management (AS)</p> <p>Safeguarding (CS)</p> <p>Internal Investments</p> <p>Grants:</p> <p>Think Family</p> <p>Gigabit Project</p> <p>Mandatory:</p> <p>National Fraud Initiative</p> <p>SFVS</p> |

Regulation, Audit & Accounts Committee

23 July 2020

Internal Audit Plan 2020/21

Report by Head of Southern Internal Audit Partnership

Executive Summary

This report sets out the proposals for internal audit coverage for 2020/21.

Recommendation

The Committee is asked to approve the contents of the Internal Audit Plan for 2020/21 as shown in Appendix A and Fraud Plan 2020/21 as shown in Appendix B.

1. Introduction

- 1.1 The purpose of this paper is to provide the Regulation Audit & Accounts Committee with an overview of the Internal Audit Plan 2020 – 2021 (Appendix A) and Fraud Plan 2020 – 21 (Appendix B)

2. Contextual Information

- 2.1 The aim of internal audit's work programme is to provide independent and objective assurance to management, in relation to the business activities; systems or processes under review that:
- The framework of internal control, risk management and governance is appropriate and operating effectively; and
 - Risks to the achievement of the County Council's objectives are identified, assessed and managed to a defined acceptable level.
- 2.2 The Internal Audit Plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements. Internal audit focus should remain proportionate and appropriately aligned to key areas of organisational risk.
- 2.3 With the unprecedented scale of COVID-19 coupled with the speed of its impact and the wide ranging challenges it has presented, the County Council have had to react promptly and positively to the complex issues raised to ensure that the essential services they provide and the best interest of the people they serve are protected and maintained. The exceptional demands this crisis has placed on the County Council has necessitated new and different ways of working to navigate the unique challenges posed.
- 2.4 Such challenges and subsequent resolutions bring with them new and emerging risks that management need to consider, manage, and mitigate.

In response, the Southern Internal Audit Partnership has considered and incorporated emerging risk areas within the 2020-21 plan that more prominently present themselves or are born by the necessary or imposed actions to meet and address the crisis we currently face.

- 2.5 All auditable areas of review remain within the audit universe and are subject to ongoing assessment. The audit plan will remain fluid to ensure internal audits ability to react to the changing needs of the County Council.
- 2.6 Other reviews, based on criteria other than risk, may also be built into the work plan. These may include 'mandatory' audits or reviews requested or commissioned by management. Any commissioned review must be able to clearly demonstrate a contribution to the audit opinion on risk management, control and governance.

3. Resource Implications and Value for Money

- 3.1 The 'internal audit charter' ensures the Chief Internal Auditor has sufficient resource necessary to fulfil the requirements and expectations to deliver an internal audit opinion.
- 3.2 Significant matters that jeopardise the delivery of the plan, or require changes to the plan are identified, addressed and reported to the Audit Committee.

4. Equality Duty.

- 4.1 An Equality Impact Report is not required for this decision as report dealing with internal or procedural matters only

5. Risk Management Implications

- 5.1 There are risks associated with services not addressing key management actions arising from the audit findings. Follow up audit review will be undertaken to ensure that agreed actions have been implemented. A report detailing the status of high priority management actions will be presented to each meeting of this Committee for monitoring to ensure that key risks are addressed on a timely basis.

Katharine Eberhart

Director of Finance and Support Services

Neil Pitman

Head of Southern Internal Audit Partnership

Contact: Neil Pitman, 033 022 23672

Appendices

Appendix A - Internal Audit Plan 2020-21

Appendix B – Fraud Plan 2020-21

Background Papers

None

Internal Audit Plan

2020-21

West Sussex County Council



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

Contents

| | | |
|--------------------------------------------|-------|--------|
| Introduction | | 3 |
| Your Internal Audit Team | | 4 |
| Conformance with Internal Audit Standards | | 4 |
| Conflicts of Interest | | 4 |
| Developing the internal audit plan 2020-21 | | 5 - 6 |
| Internal Audit Plan 2020-21 | | 7 - 13 |

Agenda Item 6
Appendix A

Introduction

The role of internal audit is that of an:

‘Independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation’s objectives.

The aim of internal audit’s work programme is to provide independent and objective assurance to management, in relation to the business activities; systems or processes under review that:

- the framework of internal control, risk management and governance is appropriate and operating effectively; and
- risk to the achievement of the Council’s objectives is identified, assessed and managed to a defined acceptable level.

The internal audit plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of Internal Audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.

Internal Audit focus should be proportionate and appropriately aligned. The plan will remain fluid and subject to on-going review and amendment, in consultation with the relevant Executive Directors, Directors and Audit Sponsors, to ensure it continues to reflect the needs of the Council. Amendments to the plan will be identified through the Southern Internal Audit Partnership’s continued contact and liaison with those responsible for the governance of the Council.

Your Internal Audit Team

Your internal audit service is provided by the Southern Internal Audit Partnership. The team will be led by Neil Pitman, Head of Southern Internal Audit Partnership, supported by; Antony Harvey, Deputy Head of Partnership; Karen Shaw, Deputy Head of Partnership; and Keith Phillips, Bev Davies, Iona Bond and James Short, Audit Managers.

Conformance with internal auditing standards

The Southern Internal Audit Partnership service is designed to conform to the Public Sector Internal Audit Standards (PSIAS). Under the PSIAS there is a requirement for audit services to have an external quality assessment every five years. In September 2015 the Institute of Internal Auditors were commissioned to complete an external quality assessment of the Southern Internal Audit Partnership against the PSIAS, Local Government Application Note and the International Professional Practices Framework.

In selecting the Institute of Internal Auditors (IIA) a conscious effort was taken to ensure the external assessment was undertaken by the most credible source. As the authors of the Standards and the leading Internal Audit authority nationally and internationally the IIA were excellently positioned to undertake the external assessment.

In considering all sources of evidence the external assessment team concluded:

*'It is our view that the Southern Internal Audit Partnership (SIAP) service generally conforms to **all** of these principles contained within the International Professional Practice Framework (IPPF); the Public Sector Internal Audit Standards (PSIAS); and the Local Government Application Note (LAGN).*

*There are **no instances** across these standards where we determined a standard below "generally conforms", and 4 instances where the standard is assessed as "not applicable" due to the nature of SIAP's remit.'*

Conflicts of Interest

We are not aware of any relationships that may affect the independence and objectivity of the team which are required to be disclosed under internal auditing standards.

Developing the internal audit plan 2020/21

We have used various sources of information and discussed priorities for internal audit with the following groups:

- Executive Leadership Team
- Directorate Management Teams
- Other Key Stakeholders
- Regulation, Audit and Accounts Committee

In accordance with the Public Sector Internal Audit Standards there is a requirement that Internal audit establish a risk-based audit plan to determine the resourcing of the internal audit service, consistent with the organisation's goals.

A paper was submitted to the Executive Leadership Team on 5th March 2020 within which a refreshed approach to planning and engagement with Senior Management was agreed. The paper was included on the agenda for the Regulation Audit & Accounts Committee scheduled to take place on 23 March 2020, however, due to the COVID outbreak the meeting was subsequently cancelled.

The approach sought to strengthen the effective engagement with Senior Management and better optimise internal audit resource in key areas of significance and risk across the Council through the process of assurance mapping. This approach would seek to identify and record the key sources of assurance that inform management and those charged with governance on the effectiveness of the controls and processes that are relied on to manage identified organisational (strategic and departmental) risks, thus highlighting areas of under assurance where internal audit would be best placed to add value to the organisation.

A timeline was scheduled and agreed with ELT whereby internal audit would facilitate a series of workshops with Senior Management to discuss key risk, mitigating controls and sources of assurance received to enable management confidence that the controls are operating effectively. In acknowledgement of timescales a Q1 plan was agreed through consultation with ELT and agreement that workshops would be undertaken with the outcomes of the assurance mapping process being available to inform Q2 to Q4 planning. Regrettably, however, due to the impact of COVID 19, workshops have been unable to progress.

Consequently, a more traditional approach was adopted and through meeting (virtually) with stakeholders, review of key corporate documents and our understanding of the organisation the Southern Internal Audit Partnership have developed an annual audit plan for the coming year. The plan, this year, more so than ever will remain fluid to react to the inevitable changing needs and risks of the organisation. The Southern Internal Audit Partnership will remain flexible in our approach to best accommodated such changing needs.

With the unprecedented scale of COVID-19 coupled with the speed of its impact and the wide ranging challenges it has presented, the County Council have had to react promptly and positively to the complex issues raised to ensure that the essential services they provide and the best interest of the people they serve are protected and maintained. The exceptional demands this crisis has placed on the County Council has necessitated new and different ways of working to navigate the unique challenges posed.

Such challenges and subsequent resolutions bring with them new and emerging risks that management need to consider, manage, and mitigate. In response, the Southern Internal Audit Partnership has considered and incorporated emerging risk areas within the 2020-21 plan that more prominently present themselves or are born by the necessary or imposed actions to meet and address the crisis we currently face.

The Council are reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers to ensure that duplication is minimised and a suitable breadth of assurance is obtained.



In light of the challenges presented through the COVID 19 pandemic the SIAP have adapted their operating model to work virtually through the use of a range of conferencing software.

All members of SIAP have the use of Teams, Skype and Zoom on their mobile devices that enable interaction with each of our clients. The team have quickly adapted to working virtually completing testing through liaison and screen sharing with clients who have equally engaged positively to the new and enforced approach.

Internal Audit Plan 2020-21

| Audit Review | Directorate Sponsor | Potential Scope | Risk | Proposed Timing |
|--------------------------------------------------------------------|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|-----------------|
| Corporate Cross Cutting - COVID-19 | | | | |
| Governance - COVID | Corporate | Interim arrangements to ensure appropriate governance and decision-making including delegated powers, enforced alternative operating models/processes for service delivery | CR68 | Q2 |
| Health and Safety (homeworking / PPE/ workspace social distancing) | Corporate | Responsibilities to staff whilst home working, effective allocation of PPE, social distancing in the workplace, preparedness for staff returning to the workplace, HSE assessments. | CR68 | Q2 |
| Staff Welfare / Wellbeing / Performance Management | Corporate | Arrangements over duty of care for staff welfare during extended period of isolation including consideration of wellbeing and mental health. Effectiveness of performance management during extended periods of homeworking. | CR68 | Q2 |
| Market Underwriting / Procurement | Corporate | Process, due diligence, and impact of payments to providers despite reduced or ceased services. Robustness of procurement and decision-making process, emergency procurements / purchases, compliance with Contract Standing Orders, use of PCards. Due diligence of new suppliers. | CR68 | Q2 |
| Contract Management – Supply chain | Corporate | Considerations of protecting supply chain (mandate fraud / conflicts of interest / duplicate invoices / inflated claims / product substitution). | CR68 | Q2 |
| Emergency Planning / Business Continuity / Service resilience | Corporate | Completeness and effectiveness of internal policies and procedures to enable continuity of service. Establish lessons learnt from response to the first lockdown to ensure preparedness for future events (e.g. second peak). Service resilience to avoid single points of failure. | CR68 | Q2 |
| Central Government Grants (allocation) | Corporate | Assurance over the processes and due diligence to support the allocation of COVID related grants e.g. care homes support package. | CR68 | Q2 |

| Audit Review | Directorate Sponsor | Potential Scope | Risk | Proposed Timing |
|-------------------------------------|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-----------------|
| PPE Cell | Corporate | Assurance that the Council are fulfilling their requirements with regard to PPE in line with their Covid-19 PPE Strategy and national guidance. | CR68 | Q1 |
| Recovery | Corporate | Governance and recovery actions in place to return to business as usual. | CR68 | Q2-4 |
| Corporate Cross Cutting | | | | |
| Health and Safety | D - HR & OC (Interim) | Effective governance, accountability, and ownership to protect the Council against a serious health & safety incident | CR50 HTP58 | Q3-4 |
| Corporate Governance | D – L&A | Review and monitor the timely implementation of actions / recommendations from the Good Governance Project | CR65 | Q2-4 |
| Programme and Project Management | Corporate | Review the framework for managing programmes and projects | CR59 | Q2-3 |
| Corporate Projects Support | Corporate | Critical friend/advisory role for significant corporate projects including Smart Core and Customer Digital | CR59 FSS7 | Q1-4 |
| Risk Management | D - FSS | To review strategy, approach, and embeddedness within the organisation. | FSS10 | Q2 |
| Fraud (Proactive / Reactive) | Corporate | Range of proactive and reactive initiatives to help identify and mitigate the risk of fraud (see Fraud Plan). | | Q1 - 4 |
| Annual Governance Statement | D – L&A | Review & contribute to the Annual Governance Statement. | - | Q1-2 |
| Finance and Support Services | | | | |
| Procurement (sub £100k) | D - FSS | Assurance over sub £100k procurements and associated category management to provide greater oversight and VFM | FSS7 FSS35 | Q3 |
| Financial Resilience | D - FSS | Impact of COVID, reassessment of financial risks and impact of assumptions in the MTFS (income, reserves, investments). Implications on saving programmes / work streams. | CR22 CR59 | Q2-3 |

| Audit Review | Directorate Sponsor | Potential Scope | Risk | Proposed Timing |
|--------------------------------------------------|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| Debt Recovery / Write off | D – FSS / D – L&A | Effectiveness of current policy and processes in managing debt through to legal action and write off. Impact of COVID-19 on debt recovery and reduced income driven by financial hardship | CR22 | Q3 |
| Grant Returns | D – FSS | Mandatory audit review of grant returns | - | Q1-4 |
| Contract Management | D – FSS | Review of the embeddedness of the corporate contract management arrangements and support | FSS7 FSS35 | Q4 |
| Pensions | D - FSS | To address any residual risks maintained by the Council following transfer of pensions administration to HCC | | Q2 |
| IT | | | | |
| Network Infrastructure Management and Monitoring | D – FSS | A review of procedures and processes to ensure that the infrastructure enabling connectivity, communication and operation of the corporate network are planned, operated and maintained so as to support the organisation's business objectives. | FSS41 | Q1 |
| Follow up of Limited Opinion Audits | D – FSS | Follow-up of the implementation of actions taken to address the issues identified in previous audits | FSS41 | Q2 |
| Cyber Security | D – FSS | Review of risk treatment plans for the cyber security | CR39a FSS39a | Q4 |
| Cloud Service Provisioning | D – FSS | Review of governance in the commissioning and procurement of Cloud based applications. Due diligence with supplier selection and the implications of changes to provisions after procurement. | FSS41 | Q3 |
| Endpoint & Peripheral Provisioning | D – FSS | Provisioning is administered through appropriate governance processes and provides demonstrable vfm. | FSS41 | Q4 |
| Email & Document Management | D – FSS | Corporate awareness and compliance with data management and retention to ensure security and legislative compliance. | | Q3 |

| Audit Review | Directorate Sponsor | Potential Scope | Risk | Proposed Timing |
|----------------------------------------------------------------------------|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-----------------|
| Highways, Transport and Planning | | | | |
| Highways Statutory Inspections | D – H, T & P | Following restructuring, assurance over the Inspections Team’s quality assurance framework | HTP58 | Q3 |
| Ash Dieback | D – H, T & P | Assessment of risk / cost implications and delivery of the project to address the risks of Ash Dieback. | HTP61 | Q2-3 |
| Home to School Transport | D – H, T & P | Full review of Home to School Transport provision following a previous limited assurance audit. | ES026 | Q3 |
| Environment and Public Protection | | | | |
| Carbon Strategy (carbon neutral by 2030) | D – E & PP | Review of strategy and approach for the Council to meet its stated ambition of being carbon neutral by 2030. | EPP69 | Q2-3 |
| Children, Young People and Learning | | | | |
| Children, Young People and Learning Transformation Programme (Governance) | ED – C, YP & L | Assurance over the governance arrangements for the Children, Young People and Learning Transformation Programme | CR61 CR69 CFS001 | Q2 |
| Children, Young People and Learning Transformation Programme (Workstreams) | ED – C, YP & L | Pool of Audit Days to provide assurance over individual workstreams aligned to the delivery of the Children, Young People and Learning Transformation Programme / Individual audit reviews TBC with Executive Director. | CR61 CR69 CFS001 | Q3-4 |
| Children Safeguarding (Quality Assurance Framework) | ED – C, YP & L | Review of the embeddedness of the QAF implemented in April 2020. | CR61 | Q3-4 |
| Special Guardianship Allowances | | Special Guardianship Order (SGO) Allowance payments are made appropriately, accurately, are consistent with legislative requirements and lead to successful delivery of the service. | - | Q1 |

| Audit Review | Directorate Sponsor | Potential Scope | Risk | Proposed Timing |
|------------------------------------------------------------------|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------|
| SEND (Special Educational Needs) | ED – C, YP & L | Assurance on commissioning of places and processes for ensuring VFM. | ES008 ES027 | Q3 |
| Data Quality (Children's) | ED – C, YP & L | Assurance that data retained about children is effectively stored ensuring 'one view' of the child, so as not to enhance the risk of error or omission and compromise the quality of service to children and families | CFS10 ES020 | Q4 |
| Procurement – P-Cards | ED – C, YP & L | Review of P-Card procurement compliance with Corporate/Directorate guidance. | FSS7 FSS35 | Q2 |
| School Thematic Review(s) | ED – C, YP & L | Themes to be agreed with Executive Director / Director. | - | Q3-4 |
| SFVS | ED – C, YP & L | Review of the SFVS returns to identify areas of weakness / non-compliance to inform School Thematic Reviews / Individual School Visits | - | Q1 & 4 |
| School Reviews | ED – C, YP & L | Risk based reviews of a selection of WSCC maintained schools | - | Q3-4 |
| School Traded Services | ED – C, YP & L | To review operating and costing model of traded services to schools | ES022 | Q3 |
| Think Family | ED – C, YP & L | Mandatory grant return | - | Q1-4 |
| Adults & Health | | | | |
| Adults Development Plan / Social Care Provision | ED – A&H | Pool of Audit Days to provide assurance over individual workstreams aligned to the delivery of the Adults Development Plan / Individual audit reviews TBC with Executive Director. | CR58 | Q2-4 |
| Approved Mental Health Professionals (AMHPs) / S75 Mental Health | ED – A&H | Assurances in place that the Council is able to meet the demand for mental health assessments | CR58 CR66 | Q2-3 |
| Adult Commissioning | ED – A&H | Assurance over the effective commissioning, operational strategy, and market positioning of the Council in respect of adult care. | CR58 | Q4 |
| Establishment Thematic Review(s) | ED – A&H | Themes to be agreed with Executive Director / Director. | - | Q3-4 |

| Audit Review | Directorate Sponsor | Potential Scope | Risk | Proposed Timing |
|----------------------------------------------------|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-----------------|
| Data Quality (Adults) | ED – A&H | Assurance that data retained about adults is effectively stored ensuring 'one view' of the client, so as not to enhance the risk of error or omission and compromise the quality of service or risk to the individual | | Q3-4 |
| Adults Safeguarding Quality Assurance | ED – A&H | Review of the embeddedness of the QAF | CR58 | Q3-4 |
| S75 Governance | JSD – C | Review of governance and monitoring of S75 Agreements in place, their sustainability, and controls to mitigate their cessation | ASC018 | Q3 |
| Property & Assets | | | | |
| Self Help in Schools | D – P&A | Review arrangements and governance over the schools self-help scheme. | - | Q4 |
| Multi-Disciplinary Consultant (Contract) | D – P&A | Contract management review on the MDC contract with Faithful and Gould. | - | Q3 |
| Human Resources & Organisational Change | | | | |
| Management of restructures | D - HR & OC | Assurance over the processes for restructuring | CR7 HROC7 | Q2 |
| Compliance with HR requirements | D - HR & OC | Compliance with a selection of HR Policies including induction, learning and development, absence management | CR7 HROC7 | Q3-4 |
| Recruitment of Interims | D - HR & OC | Assurance over the processes to recruit interim staff. | CR11 | Q1 |
| IR35 | D - HR & OC | Full review of compliance with IR35 requirements following a previous limited assurance audit. | CR11 | Q3 |
| Public Health | | | | |
| TBC | D - PH | Pool of Audit Days to provide assurance over key systems, emerging risks etc. Review areas to be identified at planning meeting | | TBC |

| Audit Review | Directorate Sponsor | Potential Scope | Risk | Proposed Timing |
|-------------------------------------|---------------------|---------------------------------------------------------------------------------------------------------------------------------|------|-----------------|
| Fire and Rescue Services | | | | |
| TBC | Chief Fire Officer | Pool of Audit Days to provide assurance over key systems, emerging risks etc. Review areas to be identified at planning meeting | | TBC |
| Management, review, and contingency | | | | |
| | | | | Q1-4 |

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Fraud Plan

2020-21

West Sussex County Council



Southern Internal Audit Partnership

Assurance through excellence
and innovation

Contents:

| Ref | Subject | Page |
|----------|----------------------------|------|
| 1. | Forward | 3 |
| 2. | The Changing Face of Fraud | 4 |
| 3. | Reactive Fraud Activity | 5 |
| 4. | Proactive Fraud Approach | 5-6 |
| 5. | Fraud Action Plan 2020-21 | 7-8 |
| Annexe 1 | Six Cs Matrix | 9 |

1. Forward

Leaders of public service organisations have a responsibility to embed effective standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management.

Published in October 2014, the CIPFA Code of Practice on Managing the Risk of Fraud & Corruption sets out the principles that define the governance and operational arrangements necessary for an effective counter fraud response.

It is these principles that underpin the Southern Internal Audit Partnership’s approach to support the management of the risk of fraud and corruption within the County Council.

West Sussex County Council promotes a zero-tolerance culture to fraud and corruption:

‘West Sussex County Council is determined that the culture and tone of the organisation is one of honesty, openness and absolute opposition to fraud and corruption. The Council’s expectation on propriety and accountability is that members and staff at all levels will observe the highest standards in ensuring adherence to legal requirements, rules, procedures and practices.’ (WSCC - Anti Fraud & Corruption Strategy)

The Council maintains a suite of strategies and policies to support the effective management of the prevention, detection and investigation of fraud and corruption (Anti-Fraud & Corruption Strategy; Whistleblowing Policy and Anti Bribery Policy). This document provides an extension to the Council’s existing policies affording a framework of reactive and proactive initiatives to detect fraud and/ or demonstrate assurance that fraud has not taken place.

The Fraud Plan compliments the internal audit strategy and annual plan focusing resource against assessed fraud risks in addition to new and emerging threats.



2. The Changing Face of Fraud

The changing context in which local government services are delivered, the increasing risk of fraud by motivated offenders, reduced local authority resources and associated changes to existing local control frameworks continue to increase the risk exposure to fraud.

In recognition of this, the 2020 Fighting Fraud and Corruption Locally Strategy, has built upon the three pillars of activity (acknowledge, prevent and pursue), with ‘govern’ and ‘protect’ added as tenets to underpin appropriate focus of fraud prevention resource in local authorities.



fig 1 (Fighting Fraud & Corruption Locally – The local government counter fraud & corruption strategy)

These principles are further underpinned by demonstrable regard to:



3. Reactive Fraud Activity

The Southern Internal Audit Partnership will work with West Sussex County Council in the effective review and investigation of any reported incidents of fraud and irregularity. All such reviews will be undertaken by professionally accredited (CIPFA CCIP) staff, in accordance with the Council's Anti-Fraud & Corruption Strategy.

By its nature such reactive fraud and irregularity work is unpredictable with regard its level and duration. Recent history has demonstrated, in relative terms, limited levels of required activity in respect of reactive fraud work in West Sussex County Council, however, a contingent level of capacity for such eventualities is considered prudent.

4. Proactive Approach

Whilst the established process to reactive fraud assists the Council in appropriately responding to notified incidents or suspicions of fraud and irregularity, it is equally important to ensure proactive initiatives are appropriately explored to understand, prevent and detect fraud risks across the organisation. Such proactive measures have been designed alongside the themes outlined within the 'Six Cs' (culture, capability, capacity, competence, communication and collaboration) and which are mapped within Annexe A.

With the unprecedented scale of COVID-19 coupled with the speed of its impact and the wide ranging challenges it has presented, the County Council have had to react promptly and positively to the complex issues raised to ensure that the essential services they provide and the best interest of the people they serve are protected and maintained. The exceptional demands this crisis has placed on the County Council has necessitated new and different ways of working to navigate the unique challenges posed.

Such challenges and subsequent resolutions bring with them new and emerging fraud risks that management need to consider, manage, and mitigate. In response, the Southern Internal Audit Partnership has considered and produced a list of consequential and emerging fraud risk areas that may present themselves or are known to have been exploited by criminals who unscrupulously take advantage of the crisis we currently face.

The internal audit plan 2020/21 has allowed for a pool of days to provide assurance around such emerging risks and the Counter Fraud Unit will work closely with audit colleagues to add their expertise to fraudulent risk exposures in service delivery and imposed government initiatives/ requirements. Potential areas of review include but are not limited to:

| Risk Area | Potential Fraud Scope |
|---------------------------------------------|-------------------------------------------------------------------------------------------------------|
| IT / Cyber Security (including homeworking) | Cyber fraud (Phishing, Smishing, identity fraud etc.) |
| Procurement | Emergency procurements / use of PCards. |
| Contract Management (Supply Chain) | Mandate fraud / duplicate invoices / inflated claims / product substitution |
| Market Underwriting | Process, due diligence, and impact of payments to providers despite reduced or ceased services. |
| Central Government Grants (allocation) | Processing and payment of allocated grant funding |
| Alternative Delivery / Operating Models | Internal advantage taken of lean process / operating models to prioritise front line service delivery |

It is also recognised that 2020 is a National Fraud Initiative upload year and as such the Southern Internal Audit Partnership will be facilitating this process to ensure that the December 2020 deadline (extended from October due to COVID-19) is met. It remains a requirement that all data must still be captured as at the end of September. Resulting matches from the exercise will be available from January 2021.

The Southern Internal Audit Partnerships understanding of West Sussex County Council’s service activities coupled with research from national surveys / publications, benchmarking with other local authority fraud risks and our previous proactive fraud reviews undertaken have been used to inform our proactive fraud activities for 2020-21.

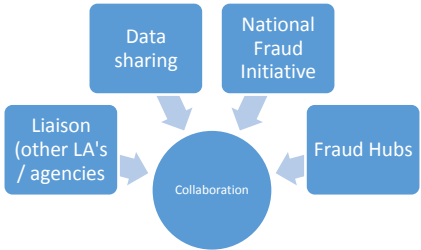
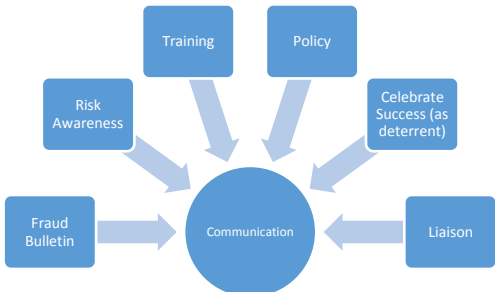
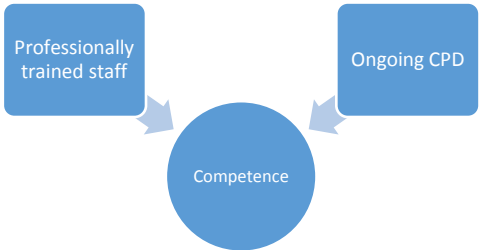
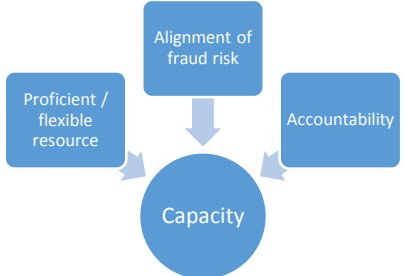
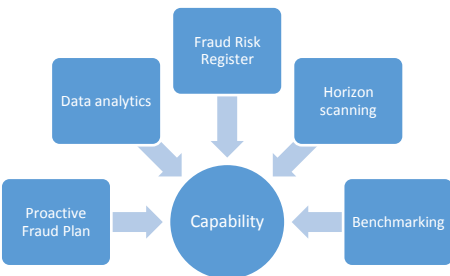
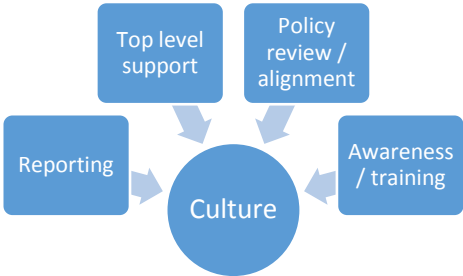
5. Fraud Action Plan 2020-21

Many of the aspects contributing to an effective proactive approach to fraud risk management are implicit within the Southern Internal Audit Partnership’s established processes to which West Sussex County Council are a part. This is demonstrated through our dedicated and qualified Counter fraud Unit, the tools to which they have access and participation in national and local collaboration groups. Building on intelligence from such collaboration and discussion with Senior Management the following action plan of proactive fraud activity is proposed for 2020-21.

| Activity | Scope | Responsible Officer | Due Date | Expected Outcome |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CIPFA Fraud Survey | Completion of the annual CIPFA fraud survey | Nick Barrett, Senior Counter Fraud Officer | Q2 | Access to the results of the national survey which provides useful benchmarking information and information into fraud trends which is used to inform the proactive fraud plan. |
| National Fraud Initiative | To facilitate the timely delivery of the upload NFI 2020 data and review of matches. | Nick Barrett, Senior Counter Fraud Officer | Q2- Q4 | Compliant upload of data and receipt of matches (Jan / Feb 2021). |
| Procurement | Review in response to central governments <i>‘Review of the risks of fraud & corruption in local government procurement’</i> (June 2020) | Vanessa Anthony, Senior Counter Fraud Officer | Q2 | Assurances of a well-led and risk-aware council, that manages its resources and fraud risks in this area efficiently to secure value for money outcomes. |
| Direct Payments | Control mapping of the key stages within the direct payment process to identify those areas particularly exposed to fraud risk. | Vanessa Anthony, Senior Counter Fraud Officer | Q3 – Q4 | Identification of weaknesses within the control processes where due consideration to fraud exposure may not have been considered to enable effective mitigation. |

| Activity | Scope | Responsible Officer | Due Date | Expected Outcome |
|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mandate Fraud (creditors payments) | Control mapping of the key stages within the payment process regarding any changes to supplier bank accounts to identify those areas particularly exposed to fraud risk. | Nick Barrett, Senior Counter Fraud Officer | Q2 – Q3 | Identification of weaknesses within the control processes where due consideration to fraud exposure may not have been considered to enable effective mitigation. |
| Payroll Expenses | Control mapping of the key stages within the expenses claiming process to identify those areas particularly exposed to fraud risk. | Chloe Reeve, Counter fraud Officer | Q3 – Q4 | Identification of weaknesses within the control processes where due consideration to fraud exposure may not have been considered to enable effective mitigation. |
| Training & Awareness | Develop an effective fraud awareness training programme for Members and Officers. | Nick Barrett, Senior Counter Fraud Officer | On-going | Delivery of an agreed stream of training in accordance with organisational priorities. |
| COVID-19 Support | To support audit colleagues in the delivery of assurances (relating to fraud risks) incorporated within the WSCC Audit Plan 2020/21 | Iona Bond Counter Fraud Manager | On-going | Reasonable assurance over the authority’s fraud risk exposure from COVID-19 |
| Annual Report on Fraud & Irregularity | To produce an end of year report to those charged with governance covering all reactive and proactive fraud initiatives. | Neil Pitman Head of Southern Internal Audit Partnership | Q4 | To present a report to ELT and Regulation, Audit and Accounts Committee outlining progress against the ‘Fraud Plan 2020-21’ relaying outcomes, assurance, investigations, sanctions, savings as appropriate. |

Six C's – Matrix



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Regulation, Audit and Accounts Committee

23 July 2020

Quarterly Review of the Corporate Risk Register

Report by Director of Finance, Performance and Procurement

Executive Summary

This Committee has responsibility for oversight of the Council's risk management arrangements.

Risks relating to financial sustainability, cyber security and social care provision have increased in significance due to COVID-19 ramifications and adjusted working practices. However, concerns relating to leadership, governance and culture (including compliance), data protection and the Children's Trust have lessened because of mitigating actions.

Corporate COVID-19 risks are being captured and monitored/managed by ELT with operational COVID-19 concerns managed within services/workstreams.

Risk Management Lunch 'n' Learn sessions will now be delivered as a webinar with the course content modified to facilitate this delivery method. The follow-on course (Risk Management in Practice) has been postponed indefinitely and will commence once it is safe to do so.

Recommendations

The Committee is asked to review the information detailed in the report, the current Corporate Risk Register and provide comment as necessary.

1. Introduction

1.1 The Committee has responsibility 'to monitor the effective development and operation of risk management in the County Council'. That role, together with a description of the Council's approach to risk management, is set out in the Constitution at Part 4 Section 4. It covers the allocation of responsibilities, including the quarterly review of risk management activity.

2. Background and Context

2.1 Due to the COVID-19 pandemic the March RAAC did not take place, although a paper was circulated prior to cancellation. An informal and virtual meeting between RAAC members took place in March, and they were given the opportunity to submit any questions relating to the corporate risk register and supplementary report. Comments were responded to via the Democratic Services Officer who supports the committee.

2.2 During the preceding quarter there have been the following changes to the corporate risk register.

- Corporate risk #7 - Non-compliance and lack of standardisation in some systems and processes
 - Severity decreased from 16 to 12
 - Due to effects of ongoing mitigating actions
- Corporate risk #22 - Financial sustainability of council services
 - Severity increased from 20 to 25
 - Due to COVID-19 ramifications
- Corporate risk #39a - Cyber-Security
 - Severity increased from 20 to 25
 - Increased external website access by staff
- Corporate risk #39b - Data protection responsibilities
 - Severity decreased from 12 to 9
 - Due to effects of ongoing mitigating actions
 - Risk now tolerated
- Corporate risk #58 - Failure of social care provisions
 - Severity increased from 20 to 25
 - Due to COVID-19 ramifications
- Corporate risk #65 - Corporate leadership, governance and culture
 - Severity decreased from 20 to 12
 - To reflect completed mitigating actions
- Corporate risk #67 – Children’s Trust diverting council resources
 - Severity decreased from 20 to 10
 - To reflect completed mitigating actions
 - Risk now tolerated

2.3 The following table summarises risks on the corporate risk register with the current severity graded above the tolerance threshold:

| Risk No | Risk | Score - Prev Qtr | Score |
|----------------|----------------------------------------------------------------------------------------|-------------------------|--------------|
| CR61 | Death/serious injury of a child (Council failing in their duty) | 25 | 25 |
| CR66 | Lack of suitably qualified and experienced Approved Mental Health Professionals (AMHP) | 25 | 25 |
| CR68 | COVID19 and risk to the delivery of WSCC's services | 25 | 25 |
| CR69 | Children’s services will fail to deliver an acceptable provision to the community | 25 | 25 |
| CR39 a | Cyber-security | 20 | 25 |
| CR58 | Failure of social care provisions | 20 | 25 |

| Risk No | Risk | Score - Prev Qtr | Score |
|----------------|-----------------------------------------------|-------------------------|--------------|
| CR22 | Financial sustainability | 16 | 25 |
| CR59 | Benefits from transformation are not realised | 20 | 20 |
| CR1 | No deal Brexit | 16 | 16 |
| CR11 | Recruit and retain staff | 16 | 16 |
| CR50 | Insufficient health & safety governance | 16 | 16 |

- 2.4** The corporate risk register continues to be reviewed at least monthly by ELT, with any actions promptly addressed.
- 2.5** 2.5 The directorate risk registers have been reviewed at least quarterly by each Director and their management team, with support from the Corporate Risk Manager where required. The Corporate Risk Manager has continued to engage monthly with Executive Directorate teams to discuss corporate and other directorate/service risks, and risk governance.
- 2.6** 2.6 Operational COVID-19 risks are considered and managed within the services, either through the production of new risks or applying the ramifications to an existing risk and its assessment. In addition, corporate COVID-19 risks are captured and controlled by the councils COVID-19 response team. The Corporate Risk Manager presents a summary of risks by themes and workstreams to ELT monthly for consideration.

The table below summarises the key corporate COVID-19 risks.

| Risk |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Staff Shortage in Adults Services for older people's visits |
| Not able to fulfil statutory duties as schools are 'closed' |
| Community Hubs may not have enough staff capacity to manage an increase in demand, resulting in a failure to deliver essential food and medicine to vulnerable people |
| Unbudgeted Costs and expenditure incurred by WSCC |
| Increase in remote working and use of WSCC IT systems may cause a limited or restricted level of accessibility which will put a significant strain on the Councils ability to operate |
| Once restrictions are relaxed/lifted and we move into the recovery phase the Council may be able to work through the backlog of BAU events in a timely manner due to volume of activity and social distancing restrictions. This will result in a significant reduction in revenue and reputational damage to the Council |
| Providers are increasingly unwilling to accept new placements which may cause a |

| Risk |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| reduction in external placements and in-house foster care arrangements. This will lead to children not being looked after, becoming more vulnerable and at risk of harm |
| Care homes are struggling to maintain an economically sustainable number of residents when experiencing deaths due to COVID-19 (>50% occupancy required). This lack of revenue creates a risk of care home closures which would then require financial intervention by WSCC to prevent this from occurring |
| Under new government guidelines, if there were to be an infection outbreak in a school (2 or more persons) WSCC Authorities may be responsible for the subsequent testing to determine the level of infection. This will have significant resource and funding implications |
| Government have issued instructions to highlight the local authority's role within the national Test and Trace Programme (particularly regarding Local Outbreak Plans). Should the government also issue direction to apply restrictions at a local level it will have further significant resource implications for PH and their ability to manage the current requirement and ongoing threat |
| If a child is not able to return to their previous school due to capacity issues, WSCC are responsible for finding an alternative location. Should WSCC not be successful in finding a suitable place it will lead to employer/employee or parent/LA conflict; or a place will be found that will have a negative effect on the child's mental health due to the unsettling nature of adapting to the new environment. |

- 2.7** Capital Programme risks are reported through their respective programme board. There is ELT representation on this boards ensuring that significant concerns to the successful delivery of the programmes and/or associated projects are discussed, communicated to ELT and reflected in the corporate risk register if required. The Corporate Risk Manager has continued to carry out frequent reviews of the project and programme level risk registers.
- 2.8** The Risk Management Lunch 'n' Learn sessions will now be delivered as a webinar and the course content has been amended to facilitate this delivery method. The follow-on course (Risk Management in Practice) has been postponed indefinitely and will commence once it is safe to do so.
- 2.9** The quality and currency of information contained in the corporate and directorate risk registers will continue to be reviewed and updated. The Corporate Risk Manager is continuing to challenge whether identified actions will sufficiently address the concerns, and within a suitable timeframe.
- 2.10** Enduring activities the Corporate Risk Manager is undertaking to ensure continuous improvement and alignment with best practice include:
- Attendance at TMG (chairing when requested) and New Ways of Working group
 - Attend the South East Risk Managers Group to share best practice of risk management in the public sector across various local authorities
 - Attend appropriate seminars held by professional bodies e.g. Alarm, CMI

- Support projects and programmes to provide assurance and support on robust governance
- Engage and support Executive Directors, Directors, service managers and their teams on capturing and communicating risk
- Continue to engage with Transformation and Capital Programme Boards to support consistent organisational risk governance
- Attendance at/facilitating various internal boards/meetings and working groups

2.11 The committee is asked to consider the Corporate Risk Register and provide comment as necessary.

3. Equality Impact Report

3.1 An Equality Impact Report is not required for this decision as it is a report dealing with internal and procedural matters only, although the Council's responsibilities in relation to the public sector equality duty will be one element of the approach to risk management.

4. Resource Implications and Value for Money

4.1 At this stage, there will be no additional resources required to facilitate the embedding/management of risk and future actions as current support within the organisation is sufficient. The Corporate Risk Manager is conducting risk workshops and risk training sessions in existing management meetings where possible to mitigate resource and scheduling conflicts. However, the 'Risk Management in Practice' course will take place during working hours, and participants will be responsible for ensuring their attendance doesn't significantly impact their role requirement.

5. Risk Management Implications

5.1 The subject of the report is the corporate risk register. It would be contrary to the interests of the Council not to ensure that its risk management processes and registers were not aligned to Risk Management Strategy.

6. Crime and Disorder Act Implications

6.1 None.

7. Human Rights Act Implications

7.1 None.

Katharine Eberhart

Director of Finance and Support Services

Contact: Katharine Eberhart, 033 022 22087

Appendices

Appendix A - Corporate Risk Register

Background Papers

None

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| Risk No | Risk Description | Risk Owner | Risk Impact | Date Risk Raised | Risk Strategy | Risk Control/Action | Action Owner | Risk Update | Current Risk | | | Next Risk Review Date |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|----------------------------------------------------------------------------------|------------------|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------|-------|-----------------------|
| | | | | | | | | | Impact | Likelihood | Score | |
| CR68 | Due to increasing burdens as a result of COVID-19 , there is a risk that we need to reprioritise our service provision to residents to accommodate dealing with the pandemic. | Chief Executive | 1. Failing to deliver statutory duties. | Mar-20 | Treat | Monitor business continuity and degradation plans. | CLT | Reviews of business continuity plans to be conducted once recovery plan/framework produced. | 5 | 5 | 25 | Jul-20 |
| | | | 2. Negative reputational impact. | | | Sustained involvement and influence in Local Resilience Forum (LRF) and Local Health Resilience (LHRP) Partnerships engagement. | Chief Executive | Outcomes to inform Tactical Management Group (TMG) and Strategic Management Group (SMG) for action. | | | | |
| | | | 3. Residents don't receive support required. | | | Develop communications when required to manage expectations of staff and residents on WSCC response position. | Head of Communications | Collaboration and agreement on services provision messages with directorates and ELT through current COVID-19 mechanisms (TMG and SMG). | | | | |
| | | | 4. Insufficient budget/budget exceeded. | | | To continue to lobby government groups to influence funding decisions. | Chief Executive | | | | | |
| | | | | | | Review Financial Implication of COVID 19 | Director of Finance & Support Services | Reported regularly to ELT and Cabinet. | | | | |
| | | | | | | Ensure management of specific COVID-19 risks to service areas. | ELT | TMG risk register has been produced and is being reviewed daily. Escalation of risks to SMG when necessary. | | | | |
| | | | | | | | | | | | | |
| CR1 | The impact of a no deal Brexit may result in service delivery issues in Council services. | Chief Executive | 1. Uncertainty on staff available to deliver council services i.e. care workers. | Nov-17 | Tolerate | Regular meetings to review current national and organisational status. | ELT | Health Protection Team and Education Team to liaise weekly. Information communicated to SMG. | 4 | 4 | 16 | Jul-20 |
| | | | 2. Uncertainty on local businesses. | | | Brexit implications across all current corporate risks is being carried out. The Resilience and Emergency Team is engaged in planning across the South east. | Chief Executive | Gather data to inform impact of negotiations; liaise with network to share information; work with businesses to show ongoing commitment. Directorates to collate data to be used for analysis once Brexit is fully understood. Risk re-assessed 6 monthly or in event of significant Brexit statements. | | | | |
| | | | 3. Impact of growth projections. | | | | | | | | | |
| | | | 4. Supply chain uncertainty in contracts. | | | | | | | | | |
| | | | 5. Potential demand on resilience teams. | | | | | | | | | |
| CR7 | There are governance systems which inhibit effective performance and a culture of non-compliance and also a lack of standardisation in some systems and processes . Skills and knowledge of systems inadequate and excessive effort required for sound decisions and outcomes. | Director of Law & Assurance | 1. Delayed decisions impede service delivery. | Dec-19 | Treat | Module on political management and systems for CLT and CMT to be developed and provided. | Director of Law & Assurance | In train | 4 | 3 | 12 | Sep-20 |
| | | | 2. Service improvement effort impeded. | | | Data on areas of non-compliance used to inform Directors to enforce compliance with standards. | Director of Law & Assurance | Further draft AGS to July RAAC (endorsed in Mar) | | | | |
| | | | 3. Resources misapplied - poor VFM. | | | Systems and processes to be simplified and guidance for specific procedures to be refreshed with output from Governance review (CR65). | Head of Democratic Services | Report to Governance Committee 6 July. | | | | |
| | | | 4. Complaints and claims. | | | Regular compliance monitoring and active corporate support when non-compliance happens to establish better practice. | Director of Law & Assurance | Discussed as part of Audit planning. Review of information generated. TK to engage audit to determine output. | | | | |
| | | | 5. Censure by external inspection. | | | Audit plan focussing reviews on key corporate support systems to identify key areas in need of improvement. | Director of Law & Assurance | Discussed as part of Audit planning. Review of information generated. TK to engage audit to determine output. | | | | |

| Risk No | Risk Description | Risk Owner | Risk Impact | Date Risk Raised | Risk Strategy | Risk Control/Action | Action Owner | Risk Update | Current Risk | | | Next Risk Review Date |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------------|----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------|-------|-----------------------|
| | | | | | | | | | Impact | Likelihood | Score | |
| CR11 | Due to recent reports into service operations and senior leadership instability, there is a risk that the Council will not be seen as an attractive place to work by current and potential employees. This will result in problems recruiting and retaining staff in key skills areas. | Director of Human Resources & Org Change | 1. Over-reliance on interim and agency staff. | Mar-17 | Treat | Simplifying processes for recruiting and engaging with potential applicants for hard to fill posts. | Head of Res Org Dev & Talent | Partially completed. Recruiter licences for Linked-in and Reed purchased and being used to source candidates/reach out to candidates directly. "Engage" module to go live by Jun 20. | 4 | 4 | 16 | Aug-20 |
| | | | 2. Lack of corporate memory. | | | Provision of clear financial support for recruitment and retention policy and provisions procedures. | Head of Specialist HR Services | Social workers recruitment and retention package in place for 2019. 2020 offer currently under review. Corporate recruitment and retention package drafted and waiting for ELT sign off. | | | | |
| | | | 3. Inadequate pace/speed of delivery. | | | Application of policy and provisions for various hard to fill posts. | Head of HR Bus Ptr & Org Change | | | | | |
| | | | 4. Low staff morale and performance. | | | Produce Directorate Workforce Strategies to identify skills, capacity and capability requirements. | Head of HR Bus Ptr & Org Change | | | | | |
| | | | | | | Development of comprehensive employee value proposition. | Head of Res Org Dev & Talent | | | | | |
| | | | | | | Longer term strategies for addressing recruitment issues e.g. apprenticeships, growing our own. | Head of Res Org Dev & Talent | 3 year plans in place for apprenticeships (currently being refreshed). LGA consultancy engaged with; recommendations received. Continuing programme of marketing and awareness raising. | | | | |
| CR22 | The financial sustainability of council services is at risk due to uncertain funding from central government and/or failure to make the required decisions to ensure the budget is balanced. This has been compounded further with the COVID-19 crisis, and the recent Ofsted and HMIC FRS reports. | Director of Finance & Support Services | 1. Insufficient government funding to deliver services. | Mar-17 | Treat | Pursue additional savings options to help close the budget gap. | Director of Finance & Support Services | | 5 | 5 | 25 | Jul-20 |
| | | | 2. Adverse effect on reserves/balanced budget. | | | Request additional funding from the relevant government departments to help deal with service improvement in Children's and Fire and Rescue. | Director of Finance & Support Services | | | | | |
| | | | 3. Reputational impact through reduction of service quality | | | Monitor the use of additional funds made available to improve service delivery. | Director of Finance & Support Services | | | | | |
| | | | 4. Increased liability of service delivery, transferred by external partners due to funding restrictions i.e. supporting homelessness. | | | To continue to lobby government groups to influence funding decisions. | Chief Executive | | | | | |
| | | | 5. Additional unexpected service and cost pressures from savings decisions. | | | Financial impacts arising from the Covid-19 national emergency need to be reflected and addressed within the TMP and MTFS as appropriate. | Director of Finance & Support Services | | | | | |
| | | | 6. Financial implications for both 2020/21 and the medium term arising from the national emergency circumstances associated with Covid-19. | | | Financial implications will be monitored and reported separately. Government has provided additional funding to support the local response. | Director of Finance & Support Services | | | | | |

| Risk No | Risk Description | Risk Owner | Risk Impact | Date Risk Raised | Risk Strategy | Risk Control/Action | Action Owner | Risk Update | Current Risk | | | Next Risk Review Date | |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------------------------------------------------------------|------------------|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------|-------|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | | | | | | Impact | Likelihood | Score | | |
| CR39a | As a result of staff accessing unsafe links from external sources and unauthorised/insecure website browsing, the Council's systems will be subjected to a Cyber-Security attack leading to a loss of data or system failure. | Director of Finance & Support Services | 1. The Council suffers significant financial loss or cost. | Mar-17 | Treat | Improve staff awareness of personal & business information security practices & identification of cyber-security issues. Continued actions due to evolving threats. | Head of IT | Role specific training delivered to children's services due to analysis of breach data received. Regular comms distributed to all staff. Included as annual refresher. Interim course to communicate essential/key information as soon as possible. Password review completed. Phishing emails sent out and responses evaluated. Follow up exercise completed April '19. New awareness campaign being developed. | 5 | 5 | 25 | Jul-20 | |
| | | | 2. The Council's reputation is damaged. | | | Maintain IG Toolkit (NHS) & Public Service Network security accreditations. | | Head of IT | | | | | Joint submission to NHS Digital in the 2019 assessment by the Data Protection Team; to cover ensure IGTK incorporates Information Security, along with Info Governance. PSN accreditation submitted. |
| | | | 3. Resident's trust in the Council is undermined. | | | Conduct tests including penetration, DR and social engineering. (conducted 6 monthly) | | Head of IT | | | | | Password review completed. Phishing emails sent out and responses evaluated. Follow up exercise completed April '19. New awareness campaign being developed. IT Health check undertaken with observations to be addressed. |
| | | | 4. Partners will not share data or information with the Council. | | | Ensure that cyber-attack is identified early, that reporting & monitoring is effective, and recovery can be prompt. | | Head of IT | | | | | Full audit not carried out by IA 2019. Instead a full review took place in May 2019 of progress against actions from the 2018 audit. Ethical Hacker training being carried out. Review of advanced threat management solution. |
| | | | 5. Punitive penalties are made on the Council. | | | Provide capacity & capability to align with National Cyber-Security centre recommendations. | | Head of IT | | | | | Maintain watching brief for updated guidance notes. WSCC has formally joined SE Warning Advice and Reporting Point (WARP). |
| | | | | | | Test the effectiveness of DPIA for software systems deployed after 25 May 2018. | | Head of IT | | | | | To be conducted annually |
| | | | | | | Adopt ISO27001 (Information Security Management) aligned process & practices. | | Head of IT | | | | | |

| Risk No | Risk Description | Risk Owner | Risk Impact | Date Risk Raised | Risk Strategy | Risk Control/Action | Action Owner | Risk Update | Current Risk | | | Next Risk Review Date |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------------------------------|------------------|---------------|-----------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------|-------|-----------------------|
| | | | | | | | | | Impact | Likelihood | Score | |
| CR39b | <p>Data protection responsibilities. The Council is a Data Controller and has obligations and responsibilities arising from that role. Council needs resources, skills, knowledge, systems and procedures to ensure obligations are met.</p> | Director of Law & Assurance | 1. Individuals or groups come to harm. | Mar-17 | Tolerate | Test the effectiveness of DPIA | Head of IT | To be conducted annually | 3 | 3 | 9 | Sep-20 |
| | | | 2. The Council's reputation is damaged. | | | Maintain IG Toolkit (NHS) & Public Service Network security accreditations. | Head of IT | Joint submission to NHS Digital in 2019 assessment by the Data Protection Team; to ensure IGTK incorporates Information Security, with Information Governance. PSN accreditation submitted. | | | | |
| | | | 3. Resident's trust in the Council is undermined. | | | Undertake Data Privacy Impact Assessments (DPIA) when systems or processes change and carry out resulting actions. | Director of Law & Assurance | Processes settled. Most impact assessments completed. DPIA to be conducted annually. | | | | |
| | | | 4. Partners will not share data or information with the Council. | | | Enable safe data sharing, including using appropriate data standards & appropriate anonymization techniques. | Head of IT | As part of GDPR reviews of existing arrangements. | | | | |
| | | | 5. Punitive penalties are made on the Council. | | | Ensure the skills and knowledge is available to support Caldicott Guardian in ASC. | Head of Data Protection | | | | | |
| | | | | | | Adopt ISO27001 (Information Security Management) aligned process & practices. | Head of IT | | | | | |
| | | | | | | Review IT systems implemented prior to 25 May 2018 to confirm compliance with updated regulations. | Director of Law & Assurance | IT to identify applicable systems and provide support in resolving any risks of non-compliance. | | | | |
| CR50 | <p>WSSC are responsible for ensuring the HS&W of its staff and residents. There is a risk that if there is a lack of H&S awareness and accountability by directorates to capture and communicate in accordance with Council governance arrangements, it will lead to a serious health & safety incident occurring.</p> | Director of Human Resources & Org Change | 1. Increase risk of harm to employees, public and contractors. | Mar-17 | Treat | Purchase, develop and introduce an interactive online H&S service led audit tool. | Health and Safety Manager | | 4 | 4 | 16 | Aug-20 |
| | | | 2. Increase number of claims and premiums. | | | Conduct a training needs analysis, produce gap analysis to understand requirements and produce suitable courses as a consequence. | Health and Safety Manager | Partially completed. Fire Warden training and H&S eLearning included in annual refresher training from 1 Feb 19. TNA produced with suite of courses required identified. Courses to be commissioned include bespoke modules for induction & asbestos awareness. | | | | |
| | | | 3. Adverse reputational impact to Council. | | | Incorporate HS&W information into current performance dashboard. | Health and Safety Manager | Dashboard to capture details on sickness, absence and H&S. H&S data currently collated relates to RIDDOR and NON-RIDDOR incidents. | | | | |
| | | | 4. Increase in staff absence. | | | Carry out a Health at Work needs assessment. | Health and Safety Manager | Strategic Health & Wellbeing Strategy and Action Plan being developed. (led by Public Health) | | | | |
| | | | | | | Regular engagement with other LA's on best practice and lessons learned. | Health and Safety Manager | | | | | |
| | | | | | | Develop and introduce a more comprehensive risk profile approach and front line service based audits. | Health and Safety Manager | | | | | |

| Risk No | Risk Description | Risk Owner | Risk Impact | Date Risk Raised | Risk Strategy | Risk Control/Action | Action Owner | Risk Update | Current Risk | | | Next Risk Review Date | |
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| | | | | | | | | | Impact | Likelihood | Score | | |
| CR58 | If there were to be a failure of social care provisions there is a risk that both WSCC funded residents and self-funding residents are not being properly cared for; which may result in death or injury to individuals and significant reputational harm to the council. | Executive Director of Adults and Health | 1. Potential that people will come to harm and Council will be unable to ensure statutory safeguarding duty. | Sep-18 | Treat | Consideration of opportunities to provide services in house to enable contingency for provider failure. | Cx Lead | Cost identified for in house provision significant and not therefore progressed further at this stage. Exploring other options for emergency provision. Waiver completed to source emergency care through agency providers as part of COVID19 planning. Awaiting agreement of terms and conditions with providers prior to implementing. | 5 | 5 | 25 | Sep-20 | |
| | | | 2. CQC action against service provider which could lead to establishment closure at short notice | | | Collection of market information on Firefly. Analysis of information and appropriate level of quality assurance response. | | Head of Contracts & Performance | | | | | Information used to support emergency planning and inform quality processes. |
| | | | 3. Financial implication of cost of reprovision following closure of services. | | | Scoping and implementation of a multi agency failure prevention team. | | Joint Strategic Director of Cx | | | | | Agreement was made in October 2019 with the CCG Chief Nurse to proceed with the joint programme. Workshop took place Dec 19 with agreement on the need for a joint residential/ nursing contract, exploration of income generation opportunities and potential of increased offer to providers who agree to managed rates. |
| | | | 4. Reduced capacity in the market as a result of failure of provision. | | | Financial analysis of high risk provision - due diligence checks. | | Head of Contracts & Performance | | | | | Working with strategic contracts to identify key providers for more regular financial checks. |
| | | | 5. Delayed Transfer of Care (DTOC) | | | Development and embedding of multi agency Quality, Safeguarding and Improvement Group, Strategic Provider Concerns meeting and mechanisms to focus on specific providers where concerns arise. | | Head of Safeguarding and Quality | | | | | QSIG established. Working towards embedding these mechanisms and confirming benefit in terms of preventative focus. |
| | | | 6. Non-compliance with Care Act. | | | In the event of an incident, ensure the consistent implementation of Emergency Response Plans, including a full de-brief and lessons learned. | | Head of Adult Operations | | | | | Emergency plans in place for residential services and Domiciliary Care provision. Continue to work with RET to ensure process is robust and reflects learning from incidences. |
| | | | 7. Reputational impact. Public perception of the council being willing to accept poor standards of care. Low public confidence in social care. | | | Capacity Action plans for residential and non residential services to focus on long and short term actions to improve capacity to support potential contingencies. | | Cx Lead | | | | | Number of people awaiting care is captured within daily performance management information which provides an indication on capacity, whilst wider updates on the action plan are paused during COVID19 in light of other priorities. |

| Risk No | Risk Description | Risk Owner | Risk Impact | Date Risk Raised | Risk Strategy | Risk Control/Action | Action Owner | Risk Update | Current Risk | | | Next Risk Review Date |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|------------------|---------------|----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------|-------|-----------------------|
| | | | | | | | | | Impact | Likelihood | Score | |
| CR59 | Benefits from transformation are not realised within projected timescales because of a lack of robust and effective portfolio governance adversely impacting on in-year budget pressures. | Director of Finance & Support Services | 1. Financial pressures through non-delivery of savings. | Nov-17 | Treat | Review current programme to ensure robust project and programme plans are developed to implement changes and savings. | Director of Finance & Support Services | Review completed in time for new financial year, however due to COVID-19 plans and established working methods may need changing. | 4 | 5 | 20 | Jul-20 |
| | | | 2. Failure to improve customer services. | | | Develop effective benefits tracking process. | Director of Finance & Support Services | Process completed and approved in time for new financial year, however due to COVID-19 this process may need changing. | | | | |
| | | | 3. Inefficient and ineffective business processes. | | | Develop detailed programmes in collaboration with Directors to deliver required changes. | Director of Finance & Support Services | Engagement conducted and programmes agreed in time for new financial year, however due to COVID-19 plans and governance arrangements may need changing. | | | | |
| | | | 4. Failure to deliver required cultural changes. | | | | | | | | | |
| CR60 | There is a risk of failing to deliver the HMIC FRS improvement plan , leading to an adverse affect on service delivery; which may result in failing any subsequent inspection. | Chief Fire Officer | 1. Reputational damage | Apr-19 | Treat | Ensure robust project and programme governance in place and monitor delivery. | Chief Fire Officer | During the revisit, the HMIC FRS Advisory Board praised the project and programme plans, and PMO governance. They also reported tangible improvements of preventative and protective measures. Further praise was received regarding the accelerated pace of mitigating the risk to public safety. | 5 | 3 | 15 | Aug-20 |
| | | | 2. Corporate Governance Inspection | | | | | | | | | |
| | | | 3. Legal implications of not delivering statutory services | | | | | | | | | |
| | | | 4. Increased risk harm | | | | | | | | | |
| CR61 | A 'serious incident' occurs resulting in the death or serious injury of a child where the Council is found to have failed in their duty to safeguard, prevent or protect the child from harm. | Executive Director of Children, Young People and Learning | 1. The Council would have let children down and as a result our reputation and credibility would be significantly damaged. | Jun-19 | Treat | Implement Practice Improvement Plan (PIP). | Executive Director of Children, Young People and Learning | PIP currently being refreshed after 5 months progress of successful delivery. | 5 | 5 | 25 | Sep-20 |
| | | | 2. Subject to investigation and further legal action taken against the Council. | | | Provide proactive improvement support to services to assure effective safeguarding practices. | Executive Director of Children, Young People and Learning | Specialist provider commissioned to support social workers in Children Looked After Service and Family, Support and Protection Service (in place by April 2020). | | | | |
| | | | 3. Immediate inspection and Government intervention. | | | | | | | | | |
| CR65 | The review of corporate leadership, governance and culture recommended in the Children's Commissioner's report is not fully undertaken or effectively implemented leading to a lack of necessary improvement and further service failures or external intervention. | Chief Executive | 1. Service failure | Dec-19 | Treat | Completion of improvement plan scoping phase. | Chief Executive | (See CR7) | 4 | 3 | 12 | Sep-20 |
| | | | 2. External intervention | | | Develop plan to stabilise senior leadership team. | Chief Executive | Identifying actions to reduce risk of senior leadership churn. | | | | |
| | | | 3. Poor value for money | | | Engage with external partners (including LGA) to scope and deliver Leadership development for Cabinet and Senior Officers. | Director of Law & Assurance | Scoping underway with LGA and external partners. Member Development Plan approved by Governance Committee Jun 20. | | | | |
| | | | | | | Implementation of governance changes as approved by Council (17.12.19) | Director of Law & Assurance | Those for immediate implementation are complete. Others scheduled to meet Councils decision. | | | | |

| Risk No | Risk Description | Risk Owner | Risk Impact | Date Risk Raised | Risk Strategy | Risk Control/Action | Action Owner | Risk Update | Current Risk | | | Next Risk Review Date | |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|------------------|---------------|-------------------------------------------------------------------------------------------------------|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------|-------|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | | | | | | Impact | Likelihood | Score | | |
| CR66 | Due to a lack of suitably qualified and experienced Approved Mental Health Professionals (AMHP) there is a risk that the Council will not carry out their statutory role under the Mental Health Act 1983 (amended 2007) due to being unable to meet the demand for mental health assessments. | Executive Director of Adults and Health | 1. Increased risk of death or serious injury. | Jan-20 | Treat | Full policy and process review. | Head of MH Improvement | Rapid Improvement Operational plan. | 5 | 5 | 25 | Sep-20 | |
| | | | 2. WSCC subjected to legal action on behalf of customer or through employment tribunal. | | | Business Case to be produced for dedicated Hub and Spoke AMHP service. | | Head of Adult Operations | | | | | Interim post recruited. |
| | | | 3. Wider impact on health and social care system through delays in carrying out assessments. | | | | | | | | | | |
| CR67 | The project to set up a company (known as a Children's Trust) to provide children's services on behalf of WSCC significantly diverts council resources (capacity and capability) from core service delivery, to focussing on improving the quality of children's services. | Chief Executive | 1. Progress of children's services improvement is slowed or limited by splitting of resources and energy. | Feb-20 | Tolerate | | | | 5 | 2 | 10 | Sep-20 | |
| | | | 2. Delivery of Council services interrupted/impacted. | | | | | | | | | | |
| | | | 3. Impact on Corporate improvement. | | | | | | | | | | |
| CR69 | If the council fail to make the necessary improvements to progress from the previous 'inadequate' rating, there is a risk that children's services will fail to deliver an acceptable provision to the community. | Executive Director of Children, Young People and Learning | 1. A child is exposed to dangers which could cause harm. | Mar-20 | Treat | Deliver Children First Improvement Plan. | Senior Improvement Lead | The Children First Improvement Plan has been developed to incorporate three key pillars to ensure an improved level of service: Pillar 1 - Everyone knows 'what good looks like'; Pillar 2: Making it easier; Pillar 3 : Working together | 5 | 5 | 25 | Sep-20 | |
| | | | 2. Significant reputational damage. | | | Continue to work with Hants CC as a partner in practice to improve the breadth of children's service. | | Executive Director of Children, Young People and Learning | | | | | Steering group established to report progress of the 9 workstreams into Improvement Board.Hants CC continue to provide support to implement the three pillars as a partner in practice. |
| | | | 3. Reduced confidence by residents in the Councils ability to run children's services. | | | | | | | | | | |
| | | | 4. Legal implications through non-compliance or negligence. | | | | | | | | | | |

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Regulation, Audit and Accounts Committee

23 July 2020

Part I

Draft Annual Governance Statement 2019/20

Report by Director of Law and Assurance

Executive Summary

This report presents a draft Annual Governance Statement 2019-20. The Committee's views are sought on the current draft ahead of its finalisation. The final text will be brought to the meeting of the Committee in September.

Recommendation

The Committee is asked to comment on the draft Annual Governance Statement for 2019-20.

1. Background

- 1.1 The County Council is required pursuant to the Accounts and Audit (England) Regulations 2015 to produce a broad based Annual Governance Statement.
- 1.2 The Annual Governance Statement is an important and integral part of the County Council's Corporate Governance regime, providing a review of the effectiveness of the County Council's internal control systems and gives assurances about how effectively they operate.
- 1.3 A draft of the Annual Governance Statement 2019-20 is at Appendix A.

2. Draft 2019/20 Governance Statement

- 2.1 The statement for 2019/20 addresses issues for governance arising from the Children's Commissioner's report published in December 2019 in so far as they affect the areas of assurance the Statement needs to address. This includes the 'good governance' review commissioned in response to those areas of concern and the Statement identifies areas for which action has been identified as output from the review.
- 2.2 The Statement for 2019/20 must be approved alongside the publication of the accounts, which is usually by the end of July. The finalisation of the accounts has been delayed to September due to the public health emergency and this year's Statement will follow that revised timetable. It has been updated to reflect some of the impact of the emergency on the Council's business. A draft Statement must be available prior to the start of the period of inspection of the Council's accounts (no later than the end of August). The final report will therefore be brought to the Committee for comment at its meeting in September 2020.

- 2.3 The outcomes of the previous year's action plan are being gathered as part of directors' assurance statements which are currently being collected so both sources will be used to inform the new action plan, which will be also presented in September.

3. Resource Implications and Value for Money

- 3.1 None arising directly from this report.

4. Equality Duty

- 4.1 An Equality Impact Report is not required for this decision as report dealing with internal or procedural matters only.

5. Risk Management Implications

- 5.1 There are risks associated with services not addressing key recommendations arising from the Annual Governance Statement. As key initiatives within the AGS feature in the Strategic Risk Register each are monitored and assessed through the council's risk management processes.

Tony Kershaw

Director of Law and Assurance

Contact: Charles Gauntlett, Senior Advisor, 033 022 22524

Appendices

Appendix A- Draft Annual Governance Statement 2019/20

Background Papers

None

Annual Governance Statement 2019/20 - DRAFT FOR JULY 2020

Executive Summary

The Annual Governance Statement (AGS) explains the processes and systems which give assurance for the effectiveness of the County Council's discharge of its responsibilities. It covers the period 1 April 2019 to 31 March 2020.

During this period a report commissioned by the Department for Education was published which raised significant issues for the Council's governance arrangements and broader culture. Action to address them is covered in the Statement. The actions are on-going arising mainly from a significant review of governance started in early 2020 referred to as the 'Good Governance project.

The year closed with the commencement of the continuing national public health emergency and the initial impact of this event on the Council's governance is also addressed. It is for these reasons that the final text of the AGS will be presented for approval later than usual in the administrative year.

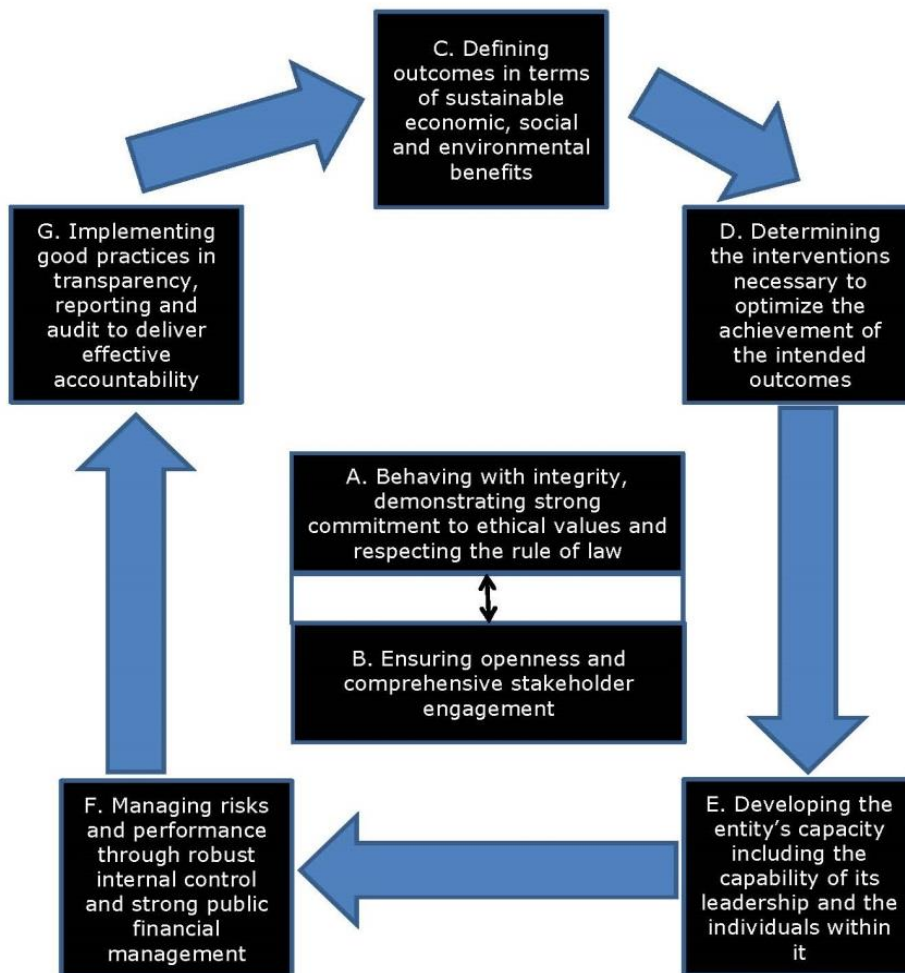
A summary of assurance is given for each of the seven principles on which the Statement is based. At the end of the narrative on each principle are the actions to address the issues identified within the year which will further strengthen the governance arrangements for the County Council.

The Purpose of the Governance Assurance Framework

1. The County Council must ensure it functions in accordance with the law and proper standards and that public money is safeguarded, correctly accounted for and used economically and efficiently. It must show how it can offer assurance as to the proper governance of its affairs (including as pensions administrator), the effective exercise of its responsibilities and the sound management of risk.
2. The Council has adopted a Code of Corporate Governance, consistent with the principles of the Chartered Institute of Public Financing & Accounting (CIPFA) Framework: Delivering Good Governance in Local Government. It meets the requirements of the Accounts and Audit Regulations 2015.
3. The governance framework comprises the rules, procedures, systems and processes by which the Council is managed and controlled. The quality of the framework underpins trust in public services. The Annual Statement shows how the Council uses the framework to give assurance to members, partners, stakeholders and residents and provides an opportunity for the County Council to examine the framework to assure itself that the arrangements for its governance are robust.

The Governance Assurance Framework Principles

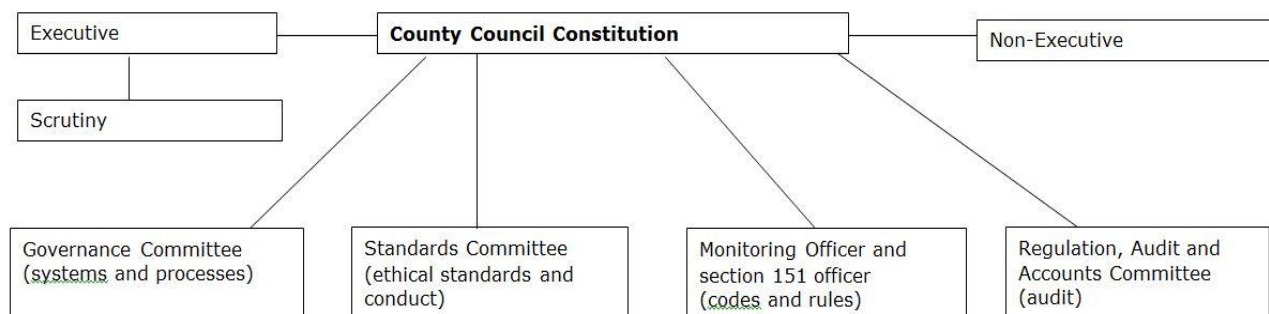
4. There are seven principles and sub-principles of Corporate Governance adopted by the Governance Committee set out below. Assurance for how they are met is provided in the text below each principle in the report. Further work to be done is highlighted and also set out in the appendix.



The County Council's Governance Framework

5. The framework covers the allocation of functions, the rules for how they are carried out and the mechanisms for tracking that this happens correctly. The relationship of responsibilities is shown here:

The Governance Framework at West Sussex County Council



Section A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Assured (in part)

The County Council has high standards for sound governance as set out in law, government guidance and the courts. It promotes a culture of compliance.

The Council’s codes of conduct set out expectations and requirements for behaving with integrity for both members and officers. Certain elements of these arrangements require further action to provide assurance that they continue to be implemented fully and correctly.

In this and in other sections of the Statement the governance issues raised by the Children’s Commissioner’s report are addressed. Where relevant, actions identified in the Council’s ‘Good Governance’ project are set out.

6. The **Governance Committee** oversees the democratic arrangements of the County Council and reviews and advises the County Council on the Constitution. The Responsibility for Functions (including the Scheme of Delegation) and Standing Orders require members and officers to ensure that all decisions are compliant with internal policies and procedures as well as with law and regulation. These give authority and certainty to the allocation of responsibilities as set out in the Constitution.
7. Part 5 of the Constitution contains the Code of Conduct for members. A parallel code for officers sits in the suite of Human Resources policies. The Council has also adopted policies relating to responsibilities for ethical behaviour including equality and sustainability. Decision-making is supported by advice from officers and internal guidance that should ensure compliance with these policies.
8. The statutory roles of the Chief Financial Officer (s.151 officer) and the Monitoring Officer are set out in the Constitution and in the scheme of delegation. They provide oversight of propriety and lawfulness. They have a direct reporting line to the Chief Executive and are involved in all major

decision-making as part of the Executive Leadership Team and as well as being signatories to all key and other significant decisions.

9. The **codes of conduct** define the standards of behaviour for members and officers. All members undertake training from the Monitoring Officer on the member code of conduct. Member conduct is monitored by the Standards Committee, which has a remit to deal with complaints of breaches of the member Code of Conduct. All members complete the register of interests and receive quarterly reminders on the subject of personal interest declarations and it is a standing item on all formal meeting agendas for both officers and members.
10. The Council has a **whistleblowing policy** to offer a route for challenges to processes or actions within the Council where complainants need confidentiality. It has been extensively revised during 2019/20. The use and effectiveness of the policy is overseen by the Standards Committee. Its accessibility and visibility for staff are not sufficiently clear and action is being taken to refresh and ensure visibility. This has involved independent assurance and benchmarking for the Council's arrangements. This work has particular significance in light of the more critical issues raised by the Children's Commissioner's report relating to the Council's internal culture. Further work is also required to ensure that officers serving as contact points for referrals are properly skilled in dealing with concerns raised under the policy and their implications.
11. Officer interests, including gifts and hospitality, should be published on the County Council's website annually. This has not happened for some time. Mechanisms for recording officer interests, gifts and hospitality were last reviewed in June 2018 and endorsed by the Standards Committee. A system for recording is in place. It requires regular action by Directors to facilitate publication as currently this is not consistent across the organisation. Action is taken each year as part of the AGS work to reinforce the importance of this process.
12. The Council's Standing Orders on Contracts and Procurement and the Financial Regulations and Procedures provide rules for lawful and sound processes for contract and spending decisions. These are managed by the Monitoring Officer and Chief Financial Officer in consultation with the Regulation Audit and Accounts Committee and supported by a group of officer subject matter experts sitting as the Procurement Board. This provides a single process for procurement planning, compliance with due process and consistency of best practice.
13. The Officer Scheme of Delegation is held under regular review by the Chief Executive and the Monitoring Officer, with any new delegations needing the agreement of the Governance Committee. Of greatest significance for the last period has been the re-establishment of the statutory director of children's services as an executive leadership role, reporting to the Chief Executive and accountable for the full extent of Children's Services. Further work to clarify lines of responsibility and accountability will arise as part of the Good Governance project.

14. Following the appointment of a new chief executive in January 2020 an external review of governance was commissioned starting in February. This 'good governance' work provides an opportunity to review these areas of strategic governance and action which may be needed to address inconsistencies or ineffectiveness in policy or practice and as part of the Council's culture, including its arrangements for ensuring compliance. This will be used to complete the work required to address concerns raised in the Children's Commissioner's report.

| | |
|-------------------------------------------------------------------------------------------------------|-----------------|
| Principle A (integrity and compliance) | |
| i. To complete the refresh of the whistleblowing procedures | Director L&A |
| ii. To ensure full implementation of officer interests and gifts | Director L&A |
| iii. To complete the external good governance review and plan the implementation of agreed proposals. | Chief Executive |
| iv. To review the scheme of delegation as part of the good governance review. | Director L&A |

Section B: Ensuring openness and comprehensive stakeholder engagement

Assured (in part)

The County Council exists to serve its residents and is dependent on a wide range of stakeholders for working effectively in partnership. Consultation and engagement mechanisms are in place.

The County Council has clear decision-making processes and rules and procedures to enforce them which emphasise openness and transparency. The means of ensuring compliance requires further attention.

Recent changes to improve the scope and focus of partnership working in specified areas, most significantly in relation to services for children in need and at risk of harm and the responsibilities of the Council as corporate parents for children in its care will continue to be reinforced. These respond to issues raised as part of the Children's Commissioner's report. Additional areas which will benefit from a more coherent partnership approach are set out below.

Decision-making and Scrutiny

15. The **County Council** is the ultimate decision-making body and the principal forum for political debate. All County Council meetings take place in public and are webcast. The County Council sets the strategic aims that form the Policy Framework. It also determines the Council's budget following a well-developed process of member engagement and scrutiny. The form and timing of member engagement in the budget planning process for the 20/21 budget was widely welcomed by members.
16. The **Executive** takes decisions on most matters of Council policy and service delivery. For the Cabinet, a new way of working was established in

2019/20, with most cabinet level decisions being taken collectively rather than individually. The non-executive responsibilities of the council are discharged through its **non-executive committees** as described in the Scheme of Delegation. The County Council appoints members to **scrutiny committees**, by which the Executive is held to account through member overview and scrutiny. From April 2020 a fifth scrutiny committee dedicated to scrutiny of the Fire and Rescue Service, has been established. Scrutiny committees are politically proportionate. Chairmen and vice-chairmen are mainly from the majority group, planned to be appointed by the relevant committee by Autumn 2020. Influential scrutiny is achieved by having significant decisions or proposals previewed. Proposals may also be called in for scrutiny after a decision has been proposed in final form. All Scrutiny meetings take place in public and are webcast. Webcasts are available for up to six months of the County Council meetings and of Cabinet, Scrutiny and Planning Committee meetings. A comprehensive review of scrutiny was carried out in 19/20 informed by two external bodies – one focused specifically on Fire and Rescue in light of the recent HMI Inspection and another on the effectiveness of scrutiny for Children’s Services.

17. **The Forward Plan** describes all significant (key) decisions planned to be taken in the following four months and is published and updated at least monthly. The Forward Plan has been revised to provide a clearer format in line with corporate priorities. The Forward Plan is used by Scrutiny Committees to help plan business. As decisions become more significant in terms of service changes and savings proposals there is a greater need to ensure early awareness by and engagement for all members. Further work will be done to enhance the profile of the Forward Plan so that proposals, timings and recommendations are clearly set out and scrutiny work coordinated to achieve more timely influence on outcomes.
18. Decision-making operates with a presumption of openness. Cabinet and Committees are held in public and individual executive decisions are published on a daily basis on the Council’s website. The Council uses an electronic notification system to automatically notify subscribers to meetings or actions by the Council in which they have expressed an interest. Agendas and reports for Cabinet and committee meetings are published at least five clear working days in advance – exceptions are explained in public documents. The use of powers to exempt information from publication or allow a committee to meet in private is minimised to when necessary and only after senior officer authorisation. The Cabinet now meets on a monthly basis to take collective decisions in public.
19. Decisions and agendas are held on the website for six years. The content management system, Modern.Gov, is the principal method of publishing the Forward Plan, decisions, agendas and minutes. Members and staff now have portable devices which can easily access Modern.gov information. The Constitution also prescribes the rules and constraints around urgent decisions (including those not notified in the Forward Plan) and the form and content of decision reports. This system is not conducive to openness and transparency and its use is kept to a minimum and reported to the next County Council meeting.

20. **Communication to the public** is via the Council's website, in public meetings and through social media. The Council's website was last revised in April 2015 and a drive for 'digital by design' (i.e. online services for residents) is being pursued as part of plans for service transformation and re-design to support residents' needs. Public consultation on proposals is addressed below. The extent of progress in the digitization of customer and resident engagement with the Council will need to be monitored.

Stakeholders and Partnership

21. The County Council works with a range of stakeholders. This includes a range of public bodies, local authorities, the NHS and Sussex Police. Other tiers of local government are important partners in many areas of service delivery, strategic planning and community development. There are both formal and informal forums in place for regular liaison with elected members and senior officers in the district and borough councils, including regular meetings of all of the leaders of the councils (West Sussex Leaders' Board), to discuss issues of common interest and regular meetings of all chief executives (West Sussex Chief Executives Board). A particular council partnership to manage and deliver the retained business rate pool has specific joint governance arrangements for which joint scrutiny will need to be better defined and planned in future.
22. Regular meetings with other partners, most notably the NHS Clinical Commissioning Group, are held at various levels and between Members and officers on operational, commissioning and service planning. For a number of years the Council has operated a joint service commissioning and pooled budget agreement with the NHS to cover a range of social care and NHS services. The terms of reference and membership of the **Health and Wellbeing Board**, the principal forum for health and social care liaison and partnership, have been revised to enhance its role. In addition, a Joint Health and Wellbeing Strategy was developed to set out the Board's vision and this is being promoted and disseminated within the Council and through various corporate and partnership initiatives.
23. In the area of **Children's Services** the partnership arrangements were noted last year as inadequate and the areas of focus for partnership working largely limited to operational practice. As part of the action arising from the Ofsted Report and subsequent Children's Commissioner Report reviews of children's services are receiving a more effective focus on partnership and joint working. Significant work has been identified and plans for improvement implemented are brought to an independent Improvement Board chaired by the Children's Commissioner. A comprehensive improvement plan is in place for delivery. This is now extended to areas of strategic and service planning to support work on improvement for areas of children's services considered inadequate and work is also underway for the establishment of an independent children's trust to deliver children's services in accordance with the Direction from the Department for Education issued in November 2019.

24. **County Local Committees** are an important forum for local decisions and for elected members to discuss local matters with residents and stakeholders. The eleven CLCs have executive decision-making powers delegated to them – mostly around highways matters and allocation of grant funding. Some minor changes were implemented following a review in the last year. As locally based evening public meetings, meeting three times a year, they are an important forum for community engagement.
25. The County Council has set out its commitment to working in partnership with residents, businesses, communities, the voluntary and community sector and local authority partners through a number of initiatives. It has a set of Partnership principles with the voluntary sector for the commitment to more effective ways of working together, building stronger alliances and empowering joint action.

Consultation and engagement in West Sussex

26. The County Council is committed to working with residents, businesses, communities, service users and partners to help prioritise what it does, to have a say over the approach and to get involved in delivery and change. This requires sound arrangements for engagement and consultation. A regular survey is carried out to inform the County Council of residents' priorities at a relatively high level, more focused engagement being through service led consultation.
27. The Council uses a variety of ways to engage residents and other stakeholders - publications (printed and digital), press releases or social media to keep people informed of plans or decisions. The Council uses various methods to seek people's views: questionnaires, public events, workshops, focus groups, satisfaction surveys, and feedback forms.
28. **Consultation and Engagement Quality Assurance** is a set of processes to ensure services are supported to plan and implement projects which are robust and produce reliable valid data upon which decisions can be made. It includes methodological and ethical requirements and, before projects go live, services must seek advice to ensure they have assurance for consultation and engagement.

Formal consultation

29. Formal consultation will generally only be undertaken where there is a statutory duty or legitimate expectation, and where there is a service or policy need to do so. Consultations are carried out in accordance with current national [Consultation Principles guidance](#), and the Council's [Statement of Community Involvement](#). Individual services are required to maintain open channels of communications with relevant stakeholder groups and representative bodies where relevant to service planning.
30. All formal public consultations are made accessible online using the 'Have Your say' consultation hub software. They are also published on the County Council's News and Press Release webpages. The Council ensures

- compliance with the public sector equality duty when processing and securing formal key decisions although consistency and appropriateness of use requires further attention to ensure consistent compliance.
31. The information gathered is analysed and considered as part of the decision-making process, the protocol for which can be found in the Constitution [here](#). Analysis reports and decisions are made available on the Have Your Say Consultation webpage [here](#) as a means of closing the 'feedback loop' and increasing trust in decision-making processes.
 32. Action was taken to increase the effectiveness of public engagement and communication including the need to raise awareness of the need to comply with new online accessibility legislation. Work has been started to improve both understanding of, and compliance with, the public sector equality duty. Further work will be undertaken during the coming year.
 33. The County Council has a **Petitions Scheme** describing how petitions from residents are dealt with by the County Council. These enable a petitioner to speak with a cabinet member or at a committee, or to the County Council if prescribed thresholds for signatures are reached. A response is made to each petition, explaining what the County Council will or will not do in response.

Governance Review and issues for Assurance

34. In light of the recommendations from the Children's Commissioner's report of November 2019 and subsequent discussions with the Ministry of Housing Communities and Local Government a review of the Council's governance, leadership and culture was undertaken. This has taken stock of a number of areas of concern raised by the Commissioner and which have implications for the County Council's improvement plans in critical areas of service, including those raised in the inspection report from Her Majesty's Inspectorate of Constabularies and Fire and Rescue Services (HMICFRS). The review will also review the recommendations from and action arising from the 2018 Peer Review.
35. Actions on these matters are covered in the relevant sections of this Statement with additional commentary as necessary to explain the detail of the area of improvement required.

| Principle B (openness and engagement) | |
|-------------------------------------------------------------------------------------------|-------------------------------------------|
| i. Implement actions arising from the Governance Review | Chief Executive |
| ii. Implement actions from Improvement Plan for FRS | Chief Fire Officer |
| iii. Implement actions from the Children First Improvement Plan | Executive Director of Children's Services |
| iv. Children's Improvement Board to enhance partnership engagement | Executive Director Children (DCS) |
| v. Identify and implement actions related to planning for a Children's Trust | Chief Executive & DCS |
| vi. Complete work on equality impact assessment in decision making | DLA |
| vii. Complete engagement, promotion and training linked to revised whistleblowing policy. | DLA |

| | |
|--------------------------------------------------------------------------------------------------------------|-----|
| viii. Implement final proposals and actions from review of scrutiny and learning from good governance review | DLA |
|--------------------------------------------------------------------------------------------------------------|-----|

SECTION C: Defining outcomes in terms of sustainable economic, social and environmental benefits

Assured (in part)

The County Council has settled arrangements to define outcomes and monitor performance against agreed measures.

In setting policies and strategies, the County Council takes a long term view of outcomes, taking into account sustainable economic, social and environmental aims and has effective, comprehensive performance monitoring in place.

The West Sussex Plan was prepared and adopted during 2017/18 to the period 2021/22 and reports progress to the Full Council meeting on an annual basis in the form of an Annual Report. The completion of the work for 2020 has been delayed due to the public health emergency from March 2020. This will be renewed as part of the work up to the Autumn of 2020 to re-set the Council's priorities in light of the impact of the emergency.

Renewal of emphasis on environmental targets for sustainability will be required in addition to a review of the content and effective use of the Council's social value policy.

36. The West Sussex Plan 2017-2022 outlines the priorities for the County Council and how they are to be assessed in terms of delivery measures. It was confirmed by the County Council in October 2017 and is subject of an Annual Report to full Council in July each year although delayed this year and replaced with an initial scoping framework to re-set priorities. The Plan was developed by the Cabinet with the engagement of elected members and staff at all levels. Measures and targets were developed in liaison with the Performance and Finance Scrutiny Committee and are published on-line.
37. The West Sussex Plan is implemented through the Directorate Business Planning process and arrangements for regular reports to Cabinet Members, scrutiny committees and the Executive Leadership Team. Performance monitoring is undertaken principally through the report called the Total Performance Monitor. West Sussex Plan key performance indicators are published online on a regularly basis.
38. **Total Performance Monitor** - Detail of its use and the data monitoring and analysis undertaken by the Council are shown in section D. Active monitoring of performance is undertaken through regular reviews of business plans and with all staff through the individual staff appraisal process. The appraisal arrangements link to performance and regular reviews of business plans. Cabinet Members review monthly the Total Performance Monitor and it is scrutinised quarterly by the Performance

and Finance Scrutiny Committee in addition to being available for review by the service focused overview and scrutiny committees. (See also paragraphs 46-47). A further refresh of the TPM will be undertaken as an output of the good governance review. Performance management will be an area of critical focus from the good governance review.

39. A review of how well the Council's performance is overseen by members, both executive and scrutiny will be undertaken so as to ensure members have the tools, skills and support to undertake effective performance monitoring and the verification of performance reports and other sources of assurance in the context of agreed priorities.
40. The County Council is committed to championing the economy of the area. One of its priorities is to ensure West Sussex is a prosperous place, and for the county to continue to thrive the Council aims to support businesses. The **Economic Growth Plan**, agreed in June 2018, sets out the County Council's priorities in driving economic growth to support a prosperous place. The Plan covers the period 2018 to 2023 but, in determining which activities and investments to prioritise over the period, a longer-term view of opportunities and challenges is taken. This has become an area of particular focus in relation to the re-setting of priorities in light of the public health emergency and a new **Economic Strategy** is in development in response to the impact assessment of the emergency.
41. Partners and stakeholders contributed to the development of the Economic Growth Plan, including the district and borough councils, the Coast to Capital Local Enterprise Partnership, the South Downs National Park Authority, further and higher education institutions, and business representative organisations. This has been covered in the rapid work undertaken to develop the new strategy. Working with these partners is crucial in the Council's determination to support the business community and ensure growth for the West Sussex economy and requires further attention to the partnership areas of focus referenced in Section B above.
42. The County Council's **Sustainability Strategy** was adopted in December 2015 as the Council's commitment to help achieve sustainable outcomes. The Strategy recognises the value of the environment of West Sussex, and the social and economic benefits that enhancing the environment can bring. It also acknowledges that resources are limited, and that it needs to do all it can to deliver its services in an efficient and effective way to ensure value for money.
43. Following the County Council's Notice of Motion on [climate change](#) adopted in April 2019, the Cabinet Member agreed to work to prepare an environment and **climate change strategy** and core principles were formulated to underpin the delivery of the plan. This is on schedule for member engagement and scrutiny for approval during 2020.
44. The priority of embedding sustainability within the County Council is critical for the achievement of the West Sussex Plan objectives. This was reviewed for effectiveness during 2019 and the emerging strategy and identified principles will continue to deliver on this process.

45. The Council has a **Social Value Policy** which identifies and explains the benefits of ensuring that policies, business plans and service decisions and procurements consider and address their impact upon local communities, the local economy, the lives of residents and the places of the County. The policy was first developed in 2015 but was never fully finalised or adopted into procurement practice or processes. The policy is currently undertaking a refresh which should be completed this year.

| Principle C (defining outcomes and benefits) | |
|-------------------------------------------------------------------------|---------------------------------|
| 1. Review of process for setting or varying West Sussex Plan priorities | Chief Executive |
| 2. Review of member engagement for performance management arrangements | DLA & Chief Financial Officer |
| 3. Review of Total Performance Monitor content and processes | Chief Financial Officer |
| 4. Completion of governance for climate change strategy | Director of Environment & Waste |
| 5. Develop actions from the new Economic Strategy | Executive Director Place |

SECTION D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Assured (in part)

Sections D and E should be read together with particular reference to the governance challenges raised by the various reviews and external service inspection reports during 2018/19.

Interventions for improvement in relation to Children’s Services and the Fire and Rescue Service have been a particular focus aligned with the challenge to address capacity and capability in these service areas and in other critical areas of the County Council.

The County Council takes decisions on interventions based on the West Sussex Plan setting outcomes for services and actions and targets for achieving them within budget constraints. In areas identified for improvement systems for governance, oversight and scrutiny of interventions will be given particular focus. These include the Improvement Plan for Children’s Services and also for the Fire and Rescue Service. Proposed interventions are recorded through Directorate Business Plans for timely outcome delivery. These are overseen by the Improvement Boards (for Children’s and Fire and Rescue).

46. All Directorates are expected to prepare and monitor Business Plans which set out the actions required to meet the outcomes set in the West Sussex Plan and the targets measures and milestones used to monitor their delivery. These are reviewed on an annual basis.

47. The public facing **Performance Dashboard** provides details on progress on the key indicators of the West Sussex Plan. This is underpinned by the business assurance framework which, together with the corporate performance dashboard provide assurance that the Council's priorities are implemented in practice. The Cabinet reviews the performance dashboard as part of the Total Performance Monitor on a monthly basis and the TPM is scrutinised by the P&F Scrutiny Committee.
48. The **Total Performance Monitor** provides an overview of performance against the agreed priorities within the West Sussex Plan and tracks financial performance to ensure intended outcomes are kept in focus and expenditure controlled. The TPM focuses on the delivery of:
- West Sussex Plan and Performance Measures
 - Medium Financial Term Strategy and in-year budget
 - Culture and Workforce
 - Service and Corporate Improvement
 - Corporate Risk Management
49. A review of the levels of member satisfaction with the Monitor will be undertaken at the next opportunity and following a review of the mechanisms and objectives the Monitor covers.
50. Executive (member or officer) **decision reports** provide the public record of all significant decisions to implement service plans and spend. They are required to show the intended outcomes, the rationale for the proposal, implications for Council resources, other options considered, advice received and consultation undertaken and how risks are managed. Work was undertaken in 2019 following the output from the Children's Commissioner's report's comments on corporate governance and to take account of regulations on public web-based accessibility. This should provide a simpler format for authors and readers alike. The good governance review has highlighted the need to provide clarity and improved transparency for the processes involved.
51. The Executive is supported by a number of officer boards chaired by senior officers to ensure oversight of strategic areas of Council business on behalf of the Executive Leadership Team. These boards co-ordinate subject matter expertise as well as overseeing arrangements for the delivery of priorities at an officer level prior to member consideration. They comprise a board to oversee capital programme planning and one for strategic procurement.
52. Additional action will be taken to clarify the governance of these Boards and their fit within the Scheme of Delegation and how they interact so as to provide greater understanding of their purpose and output for both officers and members and to ensure their effectiveness in delivering corporate aims in a timely and transparent way. This is consequent on the recently commissioned governance review.
53. Ofsted carried out an inspection of Children's Services in early 2019. Its report was issued in May 2019 and gave an inadequate rating to the

overall effectiveness of the Service. The Department for Education issued a statutory Direction to the County Council in relation to the service and appointed a Commissioner to report on the County Council’s capacity and capability to improve. The Commissioner’s report was published on 17 December 2019 and expressed concerns both about children’s services and the County Council’s corporate capacity to improve. The County Council has accepted the findings and is striving to improve services in liaison with the Commissioner and the Improvement Board he chairs. Changes were made to political and executive leadership in October 2019 as direct and timely response to these criticisms .

54. The County Council receives an update at each meeting during the implementation of the improvement plan. New chairs of the Children and Young People’s Services Scrutiny Committee and the Corporate Parenting Panel have been appointed, with the latter also undergoing a change of membership and approach to its work to ensure greater partner and stakeholder involvement. Across a range of related Council governance arrangements there will need to be a renewed focus on listening to the voice of the child, engagement with corporate parenting responsibilities and undertaking robust scrutiny and performance management.
55. In November 2018 an inspection of the Council’s Fire and Rescue Service was undertaken by Her Majesty’s Inspector of Constabulary and Fire and Rescue Services. The report was published on 20th June 2019 and rates the service as requiring improvement in areas of service effectiveness and efficiency and as inadequate in relation to supporting its people. An Improvement Board chaired by the Chief Fire Officer has been established and an Improvement Plan and Resource Plan has been approved. An inspection in February 2020 has found that the County Council is making encouraging progress to address the weaknesses identified in the 2018 inspection. Regular member updates and scrutiny on improvement activity are taking place.

| Principle D (interventions for outcomes) | |
|------------------------------------------------------------|----------------|
| i. Children’s Improvement Plan implementation | DCS |
| ii Fire and Rescue Improvement Plan implementation | CFO |
| iii Review of Total Performance Framework form and process | D of F&SS |
| iv Review of Officer executive Boards | DLA |
| v Review of capital governance arrangements | DLA & Dof F&SS |

SECTION E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Assured (in part)

There have been actions taken in 2019/20 in areas related to service improvement in Fire and Rescue Service and Children's Services and the overall assurance for corporate capability and capacity to improve. This has included the appointment of a new Chief Executive in a joint arrangement with East Sussex County Council.

Officers and members are expected to have a clear sense of their purpose, roles and responsibilities in line with the Council's vision and the suite of policies and processes which support it. Officers and members have access to information, guidance and training to enable them to discharge their roles.

The Chief Executive and the Executive Leadership Team manage the County Council's workforce, skills and resource planning. All officers are expected to have their performance monitored and their development needs identified and addressed. Specific attention is paid to programmes for leadership development. Recent reviews of the aims and form of delivery have been implemented. Additional work is required to implement requirements to improve the internal culture of the Council and to enable the Council's executive leaders to promote a positive and supportive culture and to provide the means of enhancing or reinforcing good leadership skills.

A system is in place to ensure that all elected members have an understanding of their roles and responsibilities when appointed or elected to particular positions within the Council. Members are expected to be able to fulfil the expectations and demands of their roles as local member and those to which they may be appointed. Members are also expected to meet the expectations for development, knowledge and awareness as set by the Council's Member Development Group. Areas of focus for review are identified. Significant training and support has been given to members to help them to focus on the strategic nature of their roles.

56. Arrangements for the County Council's member appointments to specific roles are open and set out in the Constitution. The Council elects the Leader who decides the composition and responsibilities of the Cabinet. The Council makes appointments to all committees. Changes can be made at each Council meeting. All terms of reference are published. There is a system for reviewing and refreshing all constitutional terms of reference for committees and boards which transact Council business.
57. **Member roles** – Executive and non-executive roles are defined and published within the constitution and as part of the Members' Information Network database (the Mine). The member induction and training programmes cover these. All member development sessions have attendance and feedback recorded.

58. The knowledge and development needs of members are identified and addressed through a cross-party **Member Development Group**. This group reports to the Governance Committee and oversees the delivery of a planned programme of development sessions to meet identified member training needs, taking into account members' views on priorities through surveys and feedback. It reviews the impact of member development work and identifies areas for improvement. Its reports and proposals are published as part of the Governance Committee's business. It has recently reported the strategy for member development to the Committee.
59. A full induction programme was designed and implemented after the May 2017 elections. This covered members' strategic and local community roles, scrutiny skills, as well as specific training on the Code of Conduct, safeguarding and corporate parenting. More tailored induction is provided for members in specialist roles, including new members of the Executive and of Planning Committee, Pensions Panel and the Staff Appeals Panel.
60. Specialist training is given to members according to the roles they carry out. This includes training for Cabinet Members (the executive), scrutiny, members of the Regulation, Audit and Accounts Committee, Planning Committee, Rights of Way Committee and the Pensions Panel and Staff Appeals Panel. Disclosure and Barring Checks were carried out on all members after the May 2017 election. Enhanced DBS checks are carried out for members in adults and children's services related roles. Training on adults and children's safeguarding is being provided for all members, with an online training module also available. Training was also provided to ensure awareness of data protection responsibilities.
61. In 2019/20, support and advice has been provided to members to ensure more measurable impact of service performance oversight and purposeful scrutiny. This has been in light of the work planned to address improvements in Children's Services and in Fire and Rescue Services. The work on addressing the role of elected members as corporate parents for children looked after by the Council has also been an area of particular focus. Further attention to these needs will be given in light of the output from the good governance review expected in the early summer 2020.

Officers

62. Statutory roles include the designation of the Chief Executive as Head of Paid Service, the Director of Law and Assurance as the Monitoring Officer, and the Director of Finance and Support Services as Chief Financial Officer. Other critical statutory and leadership roles and their responsibilities are described in the Council's scheme of delegation. These include the Executive Director of Children, Young People and Learning and the Executive Director of Adults' Services. All Directors and Executive Directors are required formally each year to give assurance as to their compliance and that of their Service with a range of requirements and expectations of them as senior leaders within the Council. These Statements of Assurance are integrated with the operation of this Annual

Governance Statement and incorporate action plans for areas of intervention referred to in this Statement.

63. There have also been changes to post holders in some of the more significant posts during the year (notably the Chief Executive, the Chief Fire Officer, the newly created Executive Director of Children, Young People and Learning, with a permanent postholder starting in April 2020) and changes to the scope of the functions of the Executive Director Adults and Health. The Monitoring Officer and Chief Financial Officer have a place on the Executive Leadership Team, which comprises the three executive directors in addition to the Chief Executive, Director of HR and Organisational Change and the Chief Fire Officer. The Director of Public Health who reports to the Chief Executive regularly attends ELT to ensure public health is embedded across the County Council and its partnerships.
64. All levels of management within the Council have a designated role profile and these profiles are accessible via the Council's intranet (the Point). Officers are given copies of their roles on appointment and are supported through induction training, their personal development review and supervision in understanding and developing their roles. Internally published HR procedures cover all aspects of performance and procedure to support managers.
65. Personal development priorities are agreed through an appraisal process. There is an established programme of induction training for new staff. Training is available increasingly through an online learning system. Leadership training and skill development was last reviewed in 2018 but implementation has been paused pending the output from the Children's Commissioner's Report and the good governance review. A Leadership Programme was delivered to all senior managers about three years ago. Leadership skills and development for senior officers will be examined as part of the work of the good governance review.
66. Issues of capacity and service resilience to ensure service effectiveness are covered through workforce planning as part of directorate business planning. Areas of particular risk are identified. Specific attention has been required over recent years to manage challenges in adults' and children's social care where both recruitment and retention have been problematic with expected adverse impact on service quality and consistency. Action to address these issues has seen improved retention during 2019/20. A broader workforce strategy is now in development after some disruption to the leadership of the HR and Organisational Change service.

| Principle E (capacity and leadership) | |
|------------------------------------------------------------------------------------|--------------|
| i leadership skill development | D of HR & OC |
| ii workforce strategy | D of HR & OC |
| iii member skills development following good governance review and scrutiny review | DLA |
| iv Plans for member skills and knowledge in preparation for post May 2021 election | DLA |

SECTION F: Managing risks and performance through robust internal control and strong public financial management

Assured (in part)

Risk management is robust overall but specific actions are required to better align risk management with business planning and the corporate challenges facing the County Council.

The County Council has robust internal financial controls in place, displays strong public financial management and operates systems to manage risks and performance in the most effective manner.

Health and Safety is the focus of a recent and ongoing review to ensure improved systems and compliance.

67. The Constitution sets out the rules to ensure robust internal control over the Council's finances. The system and arrangements for performance management and budget monitoring demonstrate sound internal monitoring and control and have formal and well published arrangements for member and officer oversight and transparency.
68. The system of internal financial control is based upon a framework of comprehensive financial regulations and procedures which comply with the CIPFA "Good Practice Guide for Financial Regulations in a modern English Council". Control is maintained through regular management information, supervision, and a structure of delegation and accountability. External audit of the Council's accounts is robust and unqualified assurance has been given. The Council's financial management arrangements conform to the governance requirements of the CIPFA 'Statement on the Role of the Chief Financial Officer in Local Government 2010.' A continuous review is maintained. A full review of Financial Regulations and Procedures was undertaken in 2018 and a new version of Financial Regulations was approved by the Regulation Audit and Accounts Committee in July 2018.
69. Each Director is required to conduct a full review of internal governance systems for their area of responsibility, through an assurance mapping process. The statements made, based on the assurance mapping, are checked to identify Council-wide governance issues. Evidence of assurance given is supplemented in the Annual Assurance Statement for each directorate. These include actions for improvement. From both sources, significant governance implications are included in the Statement's action plan (this document).
70. The officer scheme of delegation is critical for the effectiveness of controls of spending and performance. It is kept under review by the Director of Law and Assurance. Directors are required to ensure and confirm the effectiveness of the scheme of officer onward delegation and have worked with the Director of Law and Assurance to ensure that there is shared

understanding of the operation of delegations and the need to continually review them. Areas of action for greater clarity and assurance in relation to officer delegations are identified elsewhere in this report.

71. The County Council annually reviews the effectiveness of its governance framework including the system of internal control. The review is informed by the Head of Internal Audit's annual report 2019/20, by the external auditor and other agencies and inspectorates. These findings are brought together within this document and are reported annually to the Regulation, Audit and Accounts Committee. The Director of Law and Assurance is responsible for ensuring the effectiveness of the internal assurance arrangements and the implementation of actions identified by those arrangements. The Regulation, Audit and Accounts Committee undertakes the functions of an audit committee. This includes review of the work and findings of Internal Audit. The audit arrangements which support and reinforce financial controls and assurance are fully addressed in section G below.
72. The **Risk Management Strategy** is set out in the Constitution (Part 4 section 2) and describes the allocation of responsibilities between officers and elected members. It also summarises the system the Council has for identifying, managing and categorising corporate risk. The operation of the scheme and concerns arising are reported quarterly to the Regulation, Audit and Accounts Committee as part of the system for reporting on the effectiveness of risk management arrangements. That Committee is responsible for reviewing the effectiveness of the Council's risk management arrangements. This also forms part of the Total Performance Monitor reported to Cabinet and the Executive Leadership Team and scrutinised by the P&F Scrutiny Committee.
73. There is a separate requirement for material risks connected with proposals, policies and spending decisions to be formally identified with actions taken to manage such risks in all recorded and published decision reports (see paragraph 49 above).
74. Risk management is undertaken through robust directorate systems including the business planning process. The s.151 Officer who carries the operational officer responsibility for risk management. The Chief Executive is accountable to the Council for the effectiveness of the risk strategy.
75. The area of Health and Safety management and the corporate assurance arrangements for good Health and Safety policy and practice has been the subject of a significant review in the context of sound risk management.

| Principle F (risk and performance) | |
|--------------------------------------------------------------------------------------------------|--------------|
| i Finalise review and plans for corporate risk register oversight and monitoring | D of F&SS |
| ii Refresh compliance and consistency in scheme of onward delegation from Directors | DLA |
| iii Finalise internal governance and arrangements for assurance in relation to Health and Safety | D of HR & OD |

SECTION G: Implementing good practices in transparency, reporting and audit, to deliver effective accountability

Assured

The County Council has transparent processes in place through publication of the Forward Plan of key decisions, of agendas and reports of its meetings and those of its committees and of its key decision reports on the website and the prominence given to reporting and enforcing of audit recommendations through the Regulation, Audit and Accounts Committee which meets in public.

The County Council has effective open data reporting arrangements to ensure the accessibility of significant spend, contractual and other data relevant to financial performance. Enhanced internal governance reinforces tasks to address any issues relating to transparency and compliance within the improvement plans for Children's Services and the Fire and Rescue Service.

76. All meetings of the Council and of the committees which discharge executive, non-executive or scrutiny functions take place in public and have their reports and minutes published on the Council's website. Cabinet, Cabinet Member and Committee decisions, agendas and reports are published on the website and are available to the press and public. This is driven by the publication of the Forward Plan of key decisions. A limited number of reports are considered in private session only when the subject meets the prescribed criteria. A summary of these is published and the rationale for non-disclosure made available.
77. The County Council has several separate bodies of which it is a part, which in 2019/20 included the LEP Joint Committee, the Local Government Pension Scheme ACCESS Joint Committee and the Sussex Police and Crime Panel. Each of these bodies abide by the Nolan principles and publish their agendas and minutes in an accessible place, which are linked from the County Council's website. This will also be ensured with any new Joint Committees, such as the recently established Waste Management Joint Committee with Mid Sussex District Council.

Review and Audit

78. The Regulation, Audit and Accounts Committee undertakes the functions of an audit committee. This includes review of the findings of Internal Audit. The Committee meets regularly and in public and holds officers to account for the timely implementation of audit recommendations.
79. Internal Audit provides an annual assurance opinion based on their delivery of a risk based internal audit plan. This includes adherence to established policies, procedures, laws and regulations. These are reported to the Regulation, Audit and Accounts Committee.
80. The Head of Internal Audit reports to the Director of Finance and Support Services. He also has direct access to the Chief Executive, Executive

Directors and other directors and has well-established reporting lines to members through the Regulation, Audit and Accounts Committee and quarterly to the Executive Leadership Team. Internal Audit is provided through an arrangement with Hampshire County Council, giving greater independence, resilience and capacity for this function.

81. Specific issues of performance or effectiveness in particular areas of critical service delivery or council governance have been raised during the year's internal audit work and have been summarised in the annual audit report being completed alongside this Governance Statement. This includes areas where limited or no assurance has been given. To the extent that the findings and recommendations are relevant to matters not otherwise covered in this Statement they are set out here and captured as part of the action plan to ensure alignment with the actions addressing issues of governance and internal process.
82. The Internal Audit annual report highlights specifically those areas where a limited assurance review has been issued, which link to areas identified in this Statement. (Those for 2019/20 will be finalised and added to the final version):
83. Any commonality with internal audit findings will be added to the final version.

| |
|------------------------------------------------------------|
| Principle G (transparency audit and accountability) |
|------------------------------------------------------------|

- | |
|--------------------------------------------------|
| i. Internal audit recommendations for governance |
|--------------------------------------------------|

Main Governance Issues for action or to note

84. In formulating this year's AGS a number of forms of evidence have been reviewed. Several of these are reported and monitored through the Regulation, Audit and Accounts Committee. Of particular note for the report are the various actions identified to address governance issues related to the findings of the Ofsted report on Children's Services and the HMI report into the Fire and Rescue Service. The Children's Commissioner's report of November 2019 contains comments critical of aspects of the Council's governance which have been noted and relevant actions described in this report. To avoid duplication the findings of these reports are not noted in this statement except where their implications could affect the overall effectiveness of the authority's governance procedures. The main governance issues identified are summarised at the end of each section as set out above.
85. An action plan is attached at part of the Appendix (final column), which sets out how the Council will address governance issues in the year ahead. We are satisfied that these actions will deliver the improvements necessary and we will continue to monitor, evaluate and report on progress as part of our next annual review.

Public Health Emergency

86. In March 2020, a national public health emergency was declared by the Government in response to the global coronavirus pandemic. The County Council was prepared through its Resilience and Emergencies planning. Services were quickly refocused to prioritise preserving life and essential services and the implementation of additional service and interventions in response to the national priorities. This response was led through a resilience command chain with the Executive Leadership Team and external partners providing strong strategic oversight at Gold level, with directors managing tactical planning at silver level and Bronze level service continuity and delivery groups. The incident is ongoing into 2020/21 and the County Council will continue to prioritise its emergency response whilst it works on recovery and plans for service continuity. This disruption to normal corporate business and the service, resource, staffing and financial consequences will be assessed as part of corporate planning and will influence the commitments made in this Statement, which will be kept under review.
87. Assurance for use of resources has been provided through staff working remotely through the County Council's secure IT network and use of virtual meetings through an end to end encrypted network. Guidance has been issued to managers on working with remote teams so that regular communication is in place. The Employee Support Programme has been advertised regularly to staff via a variety of channels to help to promote good staff welfare during this period of remote working.

Paul Marshall Leader of the Council July 2020

Becky Shaw Chief Executive July 2020

Annexe - Sources of Assurance and Actions

Key:

CIPFA = The Chartered Institute of Public Financing & Accounting

FSS = Finance and Support Services

HR&OC = Human Resources & Organisational Change

L&A = Law and Assurance

MDG = Member Development Group

RAAC = Regulation, Audit and Accounts Committee

SOLACE = Society of Local Authority Chief Executives

Table of assurance for Principle A: Integrity and Compliance

| Source of assurance | Where found | Who is responsible | Role | last review/ action planned* |
|------------------------------------|------------------|---------------------------------------|-------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| Constitution | Web and Intranet | Governance Committee and Director L&A | A single source for rules and procedure for lawful sound business and meeting management. | Complete revision to simplify in 2018 approved. No action. Review within Good Governance |
| Codes of Conduct | Constitution | Standards Committee & Director L&A | Defines standards of behaviour and how to enforce | Part of the Constitution review agreed in July 2018. No action. Review within Good Governance |
| Whistleblowing Policy | Constitution | Standards Committee & Director L&A | Defines process to report breaches of rules or standards confidentially | Fully revised for approval by Governance Committee June 2020. Action to promote and monitor. |
| Anti-fraud and corruption strategy | Constitution | RAAC & Director F&SS | Statutory obligations recorded and enforced | November 2015. Reviewed every 3 to 5 years. Need to identify time and plan for next review.* |
| Anti-bribery policy | Constitution | Director L&A | Statutory obligations recorded and enforced | November 2015. Reviewed every 3 to 5 years. Need to identify time and plan for next review.* |
| Register of Member Interests | Website | Director L&A | Statutory list of interests. | Entries updated on an on-going basis. Quarterly reminders to members to review. No action. |
| Register of Officer Interests | Website | Director L&A | Record of financial and conflicting business interests | New system from March 2017. Publication arrangements to be further reviewed in 2020* to ensure compliance. |
| Corporate Complaints Policy | Website | Chief Executive & Standards Committee | Describes mechanism for handling all complaints. | Complete system review completed 2017/18. A new annual report on complaints for Standards Committee in Summer 2020* |
| Staff Discipline policy | Intranet | Director HR&OC | Defines rules of conduct and procedures to manage | New HR policies to achieve single framework established in 2019. Action to reinforce due.* |
| Data Protection Policy | Intranet | Director L&A | Defines rules and procedures to protect data. | Revised for the new law 2018. Review of practice and training to mitigate risk ongoing*. |

Agenda Item 8
Appendix A

| | | | | |
|----------------------------------------------|--------------|-----------------------------------------|-------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Freedom of Information policy | Intranet | Director L&A Director of Communities | Defines rules and procedures | January 2018. No action planned |
| Data Security & Accepted Use Policy | Intranet | Director F&SS | Defines rules and procedures | September 2014 Mandatory refresher training 2019. No action planned |
| Standing Orders on Procurement and Contracts | Constitution | Director L&A and RAAC | To prescribe the rules for all contracts and procurement activity | Full revision in 2018 approved. No action planned |
| Procurement Board (officers) | Intranet | Director F&SS | To manage and plan strategic procurement | Procurement Pipeline in place. Contract management capacity for review and action*. Action to clarify internal governance between officer boards within Good Governance *. |

Table of Assurance for Principle B: Openness and Stakeholders

| Source of assurance | Where found | Who is responsible | Role | last reviewed/ action planned* |
|-------------------------------------------------------|--------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| Scheme of Delegation | Constitution | Governance Committee & Director L&A | To fully define who takes what decisions and how and how recorded. | December 2019. Action required to clarify officer onward delegations and in context of senior officer boards within Good Governance*. |
| Forward Plan | Web site | Director L&A | Describes planned key decisions for next 4 months | Revised format 2019 to for clarity. |
| Protocol on decision making | Constitution | Director L&A | Describes arrangements for sound decisions. | Reviewed with Constitution July 2018. No action planned |
| Scrutiny Committee business planning | Scrutiny Committee reports | Performance and Finance Scrutiny Committee, Scrutiny Manager | Records planned scrutiny work. | Continuous with annual work programme published. Revised 2019 Further review in Good Governance*. |
| Openness and access to meetings/ decisions. | Constitution and Website | Director L&A | Describes rules and process for ensuring transparency of business. | Constitution revised 2018. Web casting of meetings extended increased 2019. Public cabinet meetings from December 2019. |
| Connections, consultations & community liaison forums | Intranet, Website & Press releases | Head of Communications & Engagement | Communication to public | Connections under review. No action planned |
| Consultation Q&A system | Intranet | Chief Executive | Provide system and guidance for service consultation | Review in 2015. Review of Statement of Community Involvement in 2018. No action planned |
| Partnership meetings, briefings and liaison | Held by relevant directorate | Relevant Director | Communication to partners | Continuous review and proposal to track external engagement plans better. Partner engagement review within Good Governance*. |
| Equality Policy | Website And decision making protocol | Chief Executive. | Source of guidance for ensuring compliance with | Policy partly reviewed 2018. Further and fuller review required*. Action required to ensure consistency in |

| | | | | |
|------------------------------------------------|--------------|-----------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| | | Relevant Director (for decisions) Director of HR (for staff) | public sector equality duty | application of equality impact assessments* |
| Health and Wellbeing Board arrangements | Constitution | Director of PH | Forum for strategic joint business and service oversight | Complete review of Board 2018 – 19 & new H&W strategy from April 2019. |
| West Sussex Compact and Partnership Principles | Website | Director of Communities | Communication to partners | Partnership principles refreshed in 2018. Established partnership working with district and borough councils. No action planned. |

Table of Assurance for Principle C: Sustainability

| Source of assurance | Where found | Who is responsible | Role | last reviewed/ action planned* |
|-------------------------|--------------------------------------|---------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| West Sussex Plan | Council website here | Cabinet & Chief Executive | Describes the measure and targets for key corporate & service aims | The County Council agreed current Plan in October 2017. Annual Reports to Council. |
| Social Value Policy | Website | Director of F&SS | Sets aims for social economic and community benefits of council business | Full review in procurement activity completed 2019. |
| Sustainability Strategy | Council website here | Director of E&PP | Sets Council's commitment to Sustainability | The Strategy approved 2015. The Action Plan reviewed annually. Climate Change strategy due for adoption July 2020* |

Sources of Assurance for Principle D: Optimising Interventions

| Source of assurance | Where found | Who is responsible | Role | last reviewed/ action planned* |
|------------------------------|----------------------|---------------------------------------------|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Total Performance Monitor | P&FSC agenda website | Chief Executive & Cabinet and Director F&SS | Reviews financial and operational performance | A Task and Finish Group reviewed 2018. No action planned |
| Executive Decisions process | Website | Director of L&A | To record rationale, legality and financial compliance of decisions. | Format revised 2018. New publication system by Modern.gov 2018. Review within Good Governance. |
| Business Plans | Share Point | All Directors | Record of actions and objectives for delivery of West Sussex Plan | Annual. Action planned to achieve better coordination of plans between Directorates*. Review within Good Governance as performance management |
| Executive Officer Boards | Intranet | Executive Leadership Team | Manage strategic business delegated to officers | Action planned to clarify scope of officer delegations and ensure more transparency* |
| Capital Programme Governance | Constitution | Executive Director Place and Director F&SS | Provide sound systems for capital programme | Revision February 2019. Further review on planned programme re-set 2020*. |

| | | | | |
|----------------------------------------------------|-----------------------------------------------------|-----------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| Service Improvement plans governance and assurance | Records of decisions and Improvement Board agendas. | Executive Director CS & CFO | Provide plan and assurance for delivery of improvements from external inspection. | Arrangements for monitoring and scrutinising effectiveness of plans ongoing |
|----------------------------------------------------|-----------------------------------------------------|-----------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------|

Sources of Assurance for Principle E: Leadership Capability

| Source of assurance | Where found | Who is responsible | Role | last reviewed/action planned |
|--------------------------------------------------|-----------------------------------------------------|---------------------------------------------------------------------------|---------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Scheme of delegation | Constitution | Governance Committee Chief Executive Director L&A | Formal allocation of key roles and functions, including Statutory and senior officers | April 2019 with minor revisions in December 2019. Actions identified above for clarity for officer boards*. Good Governance to review scheme clarity*. |
| Budget, including medium term financial strategy | Council agenda | County Council Executive Director Resource Services & Director F&SS | To agree a sound budget and financial strategy. | February 2020 Review of arrangement for Member engagement for next budget planning process* in 2020. |
| Member Development Programme | Held by Director L&A Member Information Database | Governance Committee & Director L&A & MDG | Plan and record all member training. | Continually by MDG (sub-group of Governance). Reports regularly and uses member feedback. No action planned |
| Human Resources policies | Intranet | Director HR&OC | Describe all officer duties, rules and requirements. | Review planned within Good Governance as culture and leadership areas. |
| Workforce Planning arrangements | HR policies and Directorate plans | Relevant Director | Provides rationale and scheme for ensuring resilience and capacity. | Particular focus on service improvement plans. Wider strategy un development*. |
| Staff role profiles | Intranet | Heads of Service | Describe all officer roles | Updated as roles change. |
| Member Induction Programme | Intranet | Member Development Group Director L&A | To determine the content of the programme | Plans in 2020, for induction programme for post May 2021. |
| Specialist Member training | Committee business programme | Director L&A | Non-executive committees and appeals panel | Completed after 2017 election Focus on new development strategy by MDG. |
| Officer Appraisal System | Intranet | Director HR&OC & all Directors for delivery | To manage performance and development | Review undertaken 2015. Review within Good Governance. |
| Performance Management Policy | Intranet | Director HR&OC | clear system for addressing poor performance | As above*. |

Sources of Assurance for Principle F: Risk and Performance

| Source of assurance | Where found | Who is responsible | Role | last reviewed/action planned |
|----------------------|-------------|--------------------|----------------------------------------------|------------------------------|
| Governance Statement | RAAC agenda | RAAC Director L&A | Captures all sources of governance assurance | Annual (this document) |

| | | | | |
|---------------------------------------|-------------------------|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| Assurance mapping | N/A | Director L&A Director F&SS | Internal checklist for service governance | New checklist 2016/17. Refreshed for 2017/18 |
| Local Code of Corporate Governance | Governance agenda | Governance Committee Director L&A | To confirm the corporate governance principles in place | Aim as output from Good Governance. |
| Risk Management Strategy | Constitution | Chief Executive | Strategic aims and objectives for corporate risk management | Approved by RAAC 2018. No action planned |
| Risk Management systems | RAAC agenda | Director F&SS | Operational systems for meeting RM strategy aims | Last review 2018. Action since for systems for risk management to be more consistent. |
| Health and Safety Policy | Intranet | Director of HR &OC | Provides rules, procedures and systems for assurance in relation to health and safety at work and in relation to property risk. | Internal review 2018 has led to revised governance. Needs testing for effectiveness*. |
| Audit Function | Constitution | RAAC Director F&SS | To manage and ensure the effectiveness of Audit. | Annual internal quality review. External review is required every five years. Internal Audit service re-procured 2018 |
| Total Performance Monitor | P&FSC papers on website | Chief Executive & Director F&SS | Reviews financial and operational performance | A Task and Finish Group reviewed 2018. No action planned |
| Treasury Management Strategy | Council agenda | Director F&SS | For sound strategy to limit risks to borrowings and investments. | December 2017. No action planned |
| Financial Regulations and Procedures | Constitution | Director of F&SS RAAC | To prescribe the rules for all financial transactions | New version agreed by RAAC July 2018. No action planned |
| Resilience and Emergency arrangements | Intranet | Chief Fire Officer | To provide safe systems and procedures to manage local and civil emergencies | Action plan implemented. Will review post Covid. |

Sources of Assurance for Principle G: Audit and Transparency

| Source of assurance | Where found | Who is responsible | Role | last reviewed/action planned* |
|----------------------------|--------------|------------------------------|---------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| Audit Function | Constitution | RAAC Director F&SS | To manage and ensure the effectiveness of Audit. | Annual internal quality review (due 2019*) External review is required every five years (due March 2020) |
| External Audit of Accounts | Audit Report | RAAC and Director of F&SS | To give external assurance to the quality of the Council's accounts and accounting practice | Full assurance given to 18/19 accounts. |

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Regulation Audit and Accounts Committee

23 July 2020

Regulation of Investigatory Powers Policy

Report by Director of Law and Assurance

Summary

The County Council is able to use powers available under the Regulation of Investigatory Powers Act 2000 to facilitate enforcement action in connection with functions of the Council relating to potential unlawful activity within its area.

Whilst these powers are used rarely and in relation to very limited areas of Council activity it is prudent for the Council to maintain an up to date policy governing the exercise of these powers.

Following recent changes in guidance and best practice and the recommendations of the external inspectorate the policy has been updated and is presented for consideration and approval. The annexes and flowcharts referred to in the policy are not included in the draft attached as an appendix to the report.

Recommendation

That the Committee reviews and endorses the revised policy (attached) for the governance and control of the Council's exercise of the powers available to it under the Regulation of Investigatory Powers Act 2000 and that the Director of Law and Assurance be authorised to maintain and update the policy in line with changes to law or Codes of Practice or future inspectorate recommendations.

1. Background and Context

- 1.1 The Regulation of Investigatory Powers Act 2000 provides all public authorities which have criminal enforcement responsibilities with a range of powers which they can choose to exercise to support investigations and enforcement activity. The powers comprise:
 - Directed surveillance
 - Covert intelligence sources
 - Interception of electronic communications
 Evidence gathered through the use of these powers can be used in enforcement activity and so their use must be strictly managed.
- 1.2 The County Council has historically only exercised these powers in connection with Trading Standards enforcement work – principally to help monitor trade in counterfeit and otherwise unsafe or unlawful products and to provide evidence to deter such activity and to prosecute when considered necessary
- 1.3 It is also necessary to have a clear policy for the exercise of such powers in order to ensure and show that the Council is fully compliant with the restrictions the legislation imposes and to ensure officers are aware of the

constraints and requirements for the exercise of such powers. This also provides assurance to the public that the powers are not used excessively.

- 1.4 To date all RIPA authorisations have been made for Trading Standards investigations – principally to deal with suspected trade in counterfeit or unlawful goods and most of these related to surveillance using social media. Officers have been authorised to undertake test purchases using false identities in order to secure evidence of trade in unlawful goods. Most have led to warning notices being served upon those suspected of such activity.

2. Proposal

- 2.1 The attached policy updates an established policy framework which the County Council has had in place since the legislative powers were made available. The revisions include changes which take account of recent changes to guidance and the recommendations from external inspection.
- 2.2 The amendments are in line with the recommendations of the Assistant Surveillance Commissioner, whose office oversees the proper use of the legislation, following recent inspection of the Council’s policy and practice.
- 2.3 The Policy has been expanded and updated to recognise the change in social habits and the growth in the use of social media. It is important that officers are alert to the danger of inadvertent misuse of social media monitoring, and that officers who do not have a formal investigatory role are made aware of the risks for routine and legitimate enquiries to go beyond open source materials. The updated policy provides explanations for newcomers to RIPA, and signposts them to correct procedure and source materials.
- 2.4 The updated policy also removes references to obsolete applications, such as the ability to grant oral authorisations in urgent cases and has been updated to reflect changes in legislation and the Codes of Practice, with specific reference to the new thresholds introduced for judicial approval.

3. Resources

- 3.1 There are no resource implications associated with the adoption and implementation of the policy.

4. Consultation

- 4.1 The head of Trading Standards whose service is the principal user of the powers has commented on the policy and specifically the changes being proposed and endorses the document as now presented.

5. Risk Implications and Mitigations

| Risk | Mitigating Action |
|---------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| Policy not compliant with current best practice and guidance. Activity places enforcement action vulnerable to challenge. | All current guidance and all recent external inspection recommendations have been considered and applied to the revision. |

| Risk | Mitigating Action |
|------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Policy not sufficiently well known or understood by officers in enforcement roles. Activity occurs outside the policy. | The principal service user has contributed to the revisions. All services with enforcement powers required to confirm dissemination of the policy to relevant officers and ensure they are trained. |

6. Other Options Considered

- 6.1 The changes only address recent changes to best or recommended good practice and recommendations from the national inspectorate. No other options were considered.

7. Equality Duty & Human Rights Implications

- 7.1 There is no specific implication for the equality duty from the adoption of the revised policy as the changes do not have any direct or indirect implications for those with protected characteristics. The equality duty will be considered in connection with specific enforcement activity.
- 7.2 The Council must meet obligations arising under the Human Rights Convention in relation to all enforcement activity. By their very nature the powers available under the Regulation of Investigatory Powers Act encroach upon rights to private family life (Article 8) and also have implications for the obligations of any enforcement authority to ensure the fair treatment of those accused or suspected of wrong-doing (Articles 6 and 7).
- 7.3 These obligations will be assessed in connection with all enforcement action and in particular in the exercise of the specific powers described in the policy. It is the aim of the policy to ensure that the rights and freedoms of individuals are properly safeguarded through the strict application of the checks and balances the policy sets and the attached policy addresses this.

8. Crime and Disorder Act Implications

- 8.1 The policy has direct implications for the duty of the County Council to ensure, as far as it is able to do so, to reduce the impact of crime and disorder in its area. The exercise of the powers described in the policy will be directed at meeting that obligation in connection with the range of enforcement obligations the Council has.

Tony Kershaw

Director of Law and Assurance, 033 022 22662

Appendices

Appendix A - Revised RIPA policy (excluding annexes and flowcharts)

Background Papers

None

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RIPA POLICY

WEST SUSSEX COUNTY COUNCIL

(March 2020)

| | | |
|-----|------------------------------------------------------------------------------|-------------------------------------|
| 1. | INTRODUCTION TO THE REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) | 3 |
| 2. | POLICY STATEMENT | 5 |
| 3. | REGULATED ACTIVITIES..... | 7 |
| 4. | COVERT HUMAN INTELLIGENCE SOURCES ('CHIS')..... | 8 |
| 5. | COMMUNICATIONS DATA..... | 10 |
| 6. | AUTHORISATION | 11 |
| 7. | SOCIAL NETWORKING SITES..... | 11 |
| 8. | AUTHORISATION PROCEDURE..... | 12 |
| 9. | GUIDANCE | Error! Bookmark not defined. |
| 10. | DURATION OF AUTHORISATIONS | 16 |
| 11. | REVIEWS | 16 |
| 12. | RENEWALS..... | 17 |
| 13. | CANCELLATIONS | 17 |
| 14. | RETENTION AND DESTRUCTION OF MATERIAL | 17 |
| 15. | CENTRAL REGISTER AND MONITORING | 17 |
| 16. | PLANNED AND DIRECTED USE OF COUNCIL CCTV SYSTEMS | 18 |
| 17. | CONSEQUENCES OF IGNORING RIPA | 18 |
| 18. | TRAINING..... | 19 |
| 19. | COMPLAINTS AND REPRESENTATIONS..... | 19 |
| 20. | DATA PROTECTION ACT 2018..... | 19 |

| | |
|---------------------------------------------------------------------------|-------------------------------------------------------|
| Annex 1 – RIPA Flowchart 1..... | Error! Bookmark not defined. 3 |
| Annex 2 – Surveillance forms | Error! Bookmark not defined. |
| Annex 3 – RIPA Flowchart 2..... | Error! Bookmark not defined. 5 |
| Annex 4 – Covert Human Intelligence forms | Error! Bookmark not defined. |
| Annex 5 – Access to data forms | Error! Bookmark not defined. |
| Annex 6 - Guidance on completing surveillance forms | Error! Bookmark not defined. |
| Annex 7 - Guidance on completing Covert Human Intelligence forms..... | Error! Bookmark not defined. |
| Annex 8 – Guidance on completing access to Communications Data forms..... | Error! Bookmark not defined. |
| Annex 9 – List of Authorising Officers & SPOCs.. | Error! Bookmark not defined. |

1. **INTRODUCTION TO THE REGULATION OF INVESTIGATORY POWERS**

This policy meets the requirements of the Regulation of Investigatory Powers Act 2000 ('RIPA'), The Protection of Freedoms Act 2012 Home Office's Codes of Practice for Directed Surveillance, Covert Human Intelligence Sources and the Acquisition and Disclosure of Communications Data.

The Codes of Practice will be available to the public on request. The Director of Law and Assurance and all Directors with enforcement responsibilities will hold up-to-date copies of the Codes of Practice. The Office of the Surveillance Commissioner's (OSC) Procedures and Guidance 2016 can be found by following this link: <https://www.ipco.org.uk/docs/OSC%20PROCEDURES%20AND%20GUIDANCE.pdf>.

This policy provides a summary of the legislation and Codes of Practice. If any officer proposes to use RIPA powers for the first time they should refer to the Codes and contact the Director of Law and Assurance for advice in the first instance.

1. **Purpose of this Policy**

- 1.1 Surveillance provides a means of preventing crime and disorder. RIPA provides for the regulation of covert investigation by a number of bodies, including local authorities. RIPA regulates a number of investigative procedures, including access to communications data. There are Codes of Practice for the proper exercise of the powers. See this link: <https://www.gov.uk/government/collections/ripa-codes>.
- 1.2 County Council officers as part of their duties may carry out activities which fall within the remit of RIPA and are subject to monitoring and oversight by the Investigatory Powers Commissioners Office and the Interception of Communications Commissioner's Office.
- 1.3 Officers involved in any kind of surveillance in their role should familiarise themselves with this document and the Codes of Practice. Legal advice should be sought before undertaking any activity within the scope of RIPA.
- 1.4 This policy demonstrates the Council's commitment to carrying out its enforcement powers and investigations in an equitable and transparent manner respecting the human rights of those who may be affected.
- 1.5 Officers must note that if they fail to follow the requirements of this Policy, the legislation and the Codes of Practice any of the following may occur:
 - 1.5.1 The County Council may be liable to claims alleging breaches of an individual's rights under the Human Rights Act 1998;
 - 1.5.2 The admissibility of any evidence obtained may be adversely affected;
 - 1.5.3 The safety of the member of the public supplying information may be compromised;
 - 1.5.4 If there is no authorisation in place, the ability to apply exemption to disclosure under the Public Interest Immunity may be lost;
 - 1.5.5 A complaint of maladministration could be made to the Local Government Ombudsman.

Types of regulated activity

- 1.6 **Covert Directed Surveillance** is undertaken in relation to a specific investigation or operation where the person or persons subject to the surveillance are unaware that it is or may be taking place. The activity is also likely to result in obtaining private information about a person whether or not it is specifically sought for the purpose of the investigation.
- 1.7 Investigations may require the use of a **Covert Human Intelligence Source**. These may be undercover officers, agents or informants. Such sources may be used to obtain and pass on information about a third party, without their knowledge, as a result of establishing or making use of an existing relationship. This has implications for a person's privacy and is a regulated activity. A Covert Human Intelligence source would be used rarely and only in exceptional circumstances. Collateral intrusion should be kept to a minimum and all applications should include a risk assessment to address this risk.
- 1.8 RIPA regulates these activities, and the procedure regarding **the acquisition of telecommunications data**, including obtaining telephone subscriber, billing and account information.
- 1.9 RIPA provides a statutory system of authorisation and monitoring of surveillance activities with which The County Council must comply to ensure that no individual's rights are unnecessarily compromised.
- 1.10 RIPA introduced the Investigatory Powers Tribunal to investigate human rights complaints. The Investigatory Powers Act 2016 established the Investigatory Powers Commissioners Office and the Interception of Communications Commissioner to inspect public bodies undertaking covert surveillance and the acquisition of communications data.
- 1.11 Each officer within West Sussex County Council with responsibilities for the conduct of investigations shall, before carrying out any investigation involving RIPA, undertake appropriate training to ensure that all operations are carried out lawfully and in accordance with this policy.

2. POLICY STATEMENT

- 2.1 The main aims of the policy are to set out the surveillance practices and procedures to be used across the County Council, to ensure that all officers act within the law and generate and maintain a proper record of activities and authorisations with the aims of reducing the risk of legal challenge and enabling effective enforcement activity.
- 2.2 The County Council will not undertake any activity defined within RIPA without prior or emergency authorisation from a trained senior officer who is empowered to grant such consents. It is Council policy for any RIPA usage to be considered only as a last resort.
- 2.3 No Authorising Officer shall authorise the use of surveillance techniques or human intelligence sources unless the activity can be shown to be necessary for the purpose of preventing or detecting crime or of preventing disorder. The lawful use of RIPA powers requires judicial approval and the criminal offence to be prevented or detected by the exercise of the power must be one punishable by a term of at least 6 months' imprisonment.
- 2.4 Once satisfied that the activity is necessary, the Authorising Officer must then determine whether the activity is proportionate to what is sought to be achieved. The Authorising Officer must be satisfied that there are no other reasonable means of carrying out the investigation or obtaining the desired information. If the information can be obtained by other means the authorisation should not be granted. In determining proportionality and authorisation the issues to consider are set out in paragraphs 2.5-2.11 below.
- 2.5 Confidential information consists of matters subject to legal privilege, confidential personal information or confidential journalistic material. Where confidential information is likely to be acquired, authorisation should only be given in exceptional and compelling circumstances.
- 2.6 When considering applications for the use of a CHIS, an Authorising Officer must be satisfied that appropriate arrangements are in place for the management and oversight of the CHIS and consider the level of intrusion likely to be caused to every person who would be affected by the use of a CHIS and any adverse impact on community confidence that might result from such use or from the information obtained.
- 2.7 Applications for authorisation of directed surveillance and the use of a CHIS except in emergency where the legislation permits, be made in writing on the appropriate forms.
- 2.8 Intrusive surveillance operations are defined as activities using covert surveillance techniques on residential premises or in any private vehicle which involves the use of a surveillance device or an individual in such a vehicle or on such premises. West Sussex County Council's officers are **NOT** legally entitled to authorise such activities.

- 2.9 Public bodies are permitted to record telephone conversations where one party consents to the recording and a Directed Surveillance authorisation has been granted. On occasions, officers of the County Council may need to record telephone conversations to secure evidence.
- 2.10 Intrusive surveillance operations are defined as activities using covert surveillance techniques on residential premises or in any private vehicle, which involves the use of a surveillance device, or an individual, in such a vehicle or on such premises. West Sussex County Council officers are **NOT** legally entitled to authorise these types of operations.
- 2.11 However public bodies are permitted to record telephone conversations, where one party consents to the recording being made and a Directed Surveillance authorisation has been granted. On occasions, officers of the County Council may need to record telephone conversations to secure evidence.

DRAFT

3. REGULATED ACTIVITIES

Definition of Surveillance

3.1 Surveillance includes:

- Monitoring, observing or listening to persons, their movements, their conversations or their other activities or communication;
- Recording anything monitored, observed or listened to in the course of surveillance;
- Surveillance by or with the assistance of a surveillance device.

3.2 Surveillance includes the interception of postal and telephone communication where the sender or recipient consents to the reading of or listening to or recording of the communication. This is a form of directed surveillance.

3.3 Covert Surveillance is surveillance carried out in a manner calculated to ensure that subjects are unaware that it is or may be taking place. Covert Surveillance involves the systematic surveillance of an individual. The everyday functions of law enforcement will not usually involve covert surveillance.

Directed Surveillance

3.4 Directed Surveillance is surveillance which is:-

- covert;
- not intrusive surveillance;
- undertaken for the purpose of a specific investigation or operation;
- undertaken in such a manner that it is likely that private information about an individual is obtained (whether or not that person is specifically targeted for the purposes of the investigation or operation); and
- not carried out by way of an immediate response to events, which would make seeking authorisation under the Act reasonably impracticable.

4. COVERT HUMAN INTELLIGENCE SOURCES ('CHIS')

4.1. The use of informants or undercover officers is referred to as “covert human intelligence sources”. It means establishing or maintaining a personal or other relationship with a person for the covert purpose of facilitating the obtaining of information. The Authorising Officer (see 8) must be satisfied that the use of a CHIS is necessary in the circumstances, that the conduct authorised is proportionate to what it seeks to achieve and that arrangements for the overall control and management of the individual are in place.

4.2. A person is a source (CHIS) if:

4.2.1. they establish or maintain a personal or other relationship with a person for the covert purpose of facilitating the doing of anything falling within paragraph 3.1 or 3.2.

4.2.2. they covertly use such a relationship to obtain information or to provide access to any information to another person; or

4.2.3. they covertly disclose information obtained by the use of such a relationship or as a consequence of the existence of such a relationship.

4.3 A purpose is covert, in relation to the establishment or maintenance of a personal or other relationship, if and only if, the relationship is conducted in a manner that is calculated to ensure that one of the parties to the relationship is unaware of the purpose.

4.4 A relationship is used covertly, and information obtained is disclosed covertly, if and only if it is used or disclosed in a manner that is calculated to ensure that one of the parties to the relationship is unaware of the use or disclosure in question.

4.5 The use of a source involves inducing, asking or assisting a person to engage in the conduct of a source, or to obtain information by means of the conduct of such a source. This covers the use of professional witnesses to obtain information and evidence. The use or conduct of a source to obtain knowledge of matters subject to legal privilege must be subject to the **prior approval of the Surveillance Commissioner**.

4.6 Carrying out test purchases will not require the purchaser to establish a relationship with the supplier with the covert purpose of obtaining information and, therefore, the purchaser will not normally be a CHIS. By contrast, developing a relationship with a person in the shop, to obtain information about the seller's suppliers of an illegal product will require authorisation as a CHIS.

- 4.7 WSCC Trading Standards will not by default seek RIPA authorisation for covert test purchasing operations for age restricted goods. Each operation will need to be looked at to consider whether there is a specific reason for applying RIPA. This might include the formation of a long term customer relationship between an individual and a retailer, operations over a sustained period or the characteristics of particular premises.
- 4.8 A directed surveillance authorisation will be obtained if recording equipment were to be used, and test purchase volunteer was not a CHIS.
- 4.9 Trading Standards will not require the use of RIPA directed surveillance authorisation for routine 'shop floor' under age sales test purchases because it is considered
- highly unlikely that private information would be obtained;
 - there is little or no risk of collateral intrusion;
 - all sales take place in business premises freely accessible to any members of the public;
 - the purchasing process only takes a few minutes;
 - observation is specifically focused on the sale of the age restricted product to the young person and the actions of the retailer in relation to the purchaser e.g. do they ask the persons age or for ID.
- 4.10 The provisions of RIPA are not intended to apply in circumstances where members of the public volunteer information to the police or other authorities, as part of their normal civic duties.
- 4.11 However, asking a source to obtain information should not be used as the sole benchmark in seeking a CHIS authorisation. It is the activity of the CHIS in exploiting a relationship for a covert purpose which is regulated, whether or not that CHIS is asked to do so. It is possible therefore that a person will become engaged in the conduct of a CHIS without being induced, asked or assisting the person to engage in that conduct.
- 4.12 If the informant is a CHIS, he or she is a person to whom a duty of care is owed. If information provided by a CHIS is to be acted upon, that information must be independently corroborated before taking action. Only the most exceptional circumstances would merit the use of a vulnerable person as a CHIS. A vulnerable individual is a person who may be susceptible to exploitation and who may be in need of support by reason of physical or mental disability, illness or age. Juveniles are people under the age of 18. For both vulnerable and juvenile sources, the Director of Law and Assurance's advice must be obtained when considering authorisation. An authorisation under RIPA will provide lawful authority for the use of a source.

5. COMMUNICATIONS DATA

- 5.1 It is crucial that the acquisition of communications data is properly authorised. No officer may seek the acquisition of any form of communication data unless he is authorised to do so and the application has been provided to the appointed Single Point of Contact (SPoC). Applications for access to communications data shall be made via the National Anti-Fraud Network (NAFN) and approved by the Office for Communications Data Authorisations (OCDA) in accordance with the Code of Practice.

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6. AUTHORISATION

- 6.1. The list of Authorising Officers is set out in Annex 9. This list will be regularly reviewed and kept up to date by the Director of Law and Assurance. Authorisations for directed surveillance or the use of a CHIS must be obtained using the appropriate application forms. See annexes 3 and 4.
- 6.2. Authorisations for access to communications data are processed online by the National Anti-Fraud Network ('NAFN'). Applicants will need to log on to NAFN and complete an application form online. The site includes notes for guidance.
- 6.3. In cases where authorisation leads to confidential information being acquired or a vulnerable adult or juvenile being used as a CHIS, the Chief Executive, or in his/her absence the Director of Law and Assurance, must sign the authorisation.
- 6.4. Where an authorisation is approved by the Authorising Officer the applicant will then apply to a Justice of the Peace for judicial approval of the authorisation.

7. SOCIAL NETWORKING SITES

Use of Social Media

- 7.1 The Council recognises that officers may make ad hoc use of social media, and this is a recognised aspect of routine investigations. It is important that officers who do so are aware of their obligations, and make sure that they do not put themselves or the Council at risk of challenge or penalty. Social networking sites mean any site which involves individuals creating a profile which contains personal information and is viewable by others, whether accepted as 'friends' or otherwise. This includes sites such as 'Facebook' and 'LinkedIn'. In using social media for the gathering of evidence:-
 - 7.1.1. Material that is in the public arena (has been published openly) may be accessed and viewed and used as evidence provided this is limited to occasional use;
 - 7.1.2. officers must not 'friend' individuals on social networks as part of work activity unless authorisation has been obtained;
 - 7.1.3. officers should not use their personal accounts to view the social networking accounts of other individuals for work related purposes;
 - 7.1.4. the adoption of a false identity to establish a relationship and exchange information with another person so as to gain access to material to use as evidence constitutes the use of a covert human intelligence source (CHIS) which requires both internal authorisation and the approval of a magistrate's court;

- 7.1.5. officers should not view an individual's profile on a social networking site excessively and viewing should only be undertaken in order to obtain evidence to inform their investigation;
- 7.1.6. regular and planned tracking of information of this kind even if published and open constitutes 'directed surveillance' and should only take place if specifically authorised.
- 7.1.7. further viewing of open profiles on social networking sites to gather or to monitor an individual's status, must only take place once RIPA authorisation has been granted and approved by a Magistrate;
- 7.1.8. officers should be aware that it may not be possible to verify the accuracy of information on social networking sites and, if such information is to be used as evidence, steps **MUST** be taken to ensure its validity.

8. AUTHORISATION PROCEDURE

General

- 8.1 Authorisation is required for the use of directed surveillance, for the conduct and use of sources and for the conduct in relation to a postal service or telecommunication system and the disclosure to any person of such data. Authorisation for directed surveillance can only be granted if the purpose of the surveillance is the prevention or detection of crime(s) punishable by 6 months imprisonment or more or relates to the sale or alcohol or tobacco to underage persons.
- 8.2 Any officer who undertakes investigations on behalf of the Council shall seek provisional authorisation in writing from an Authorising Officer in relation to any directed surveillance or for the conduct and use of any source. Each provisional authorisation then needs to receive judicial approval before being acted upon. Flowcharts which may be of use when considering whether to undertake covert surveillance or the use of CHIS can be found at annexes 1 and 3.

Who can give Provisional Authorisations?

- 8.3 An Authorising Officer may grant a provisional authorisation, but this authorisation will not take effect until it receives judicial approval (See paragraph 8.19 et seq). Please note that certain provisional authorisations, namely those relating to confidential information, vulnerable individuals and juvenile sources, can only be granted by the Chief Executive, or, in her absence, the Senior Responsible Officer.
- 8.4 The Council's authorised posts are listed in Annex 9. This appendix will be kept up to date by the Director of Law and Assurance and added to as needs require. If any council manager wishes to add, delete or substitute a post, a request must be referred to the Director of Law and Assurance for consideration as necessary.

- 8.5 It will be the responsibility of Authorising Officers who have been duly certified to ensure their relevant members of staff are also suitably trained as 'applicants' so as to avoid common mistakes appearing on forms for RIPA authorisations. Training will be given before Authorising Officers are certified to sign any RIPA forms. A central register of all those individuals who have undergone training will be kept by the Director of Law and Assurance.
- 8.6 Authorising Officers will also ensure that staff who report to them follow this guidance document and do not undertake or carry out any form of surveillance without first obtaining the relevant authorisations in compliance with this document.
- 8.7 Authorising Officers must also ensure that, when sending copies of any forms to the Director of Law and Assurance, the same are sent in sealed envelopes and marked 'Strictly Private and Confidential'. Any equipment to be used in any approved surveillance must be properly controlled, recorded and maintained for audit purposes.

Grounds for Authorisation – the 'necessary & proportionate' test

- 8.8 An Authorising Officer has a number of obligations within the provisions of the Act, which must be met before carrying out any form of surveillance. An Authorising Officer shall not grant a provisional authorisation for the carrying out of directed surveillance, or for the use of a source or for the obtaining or disclosing of communications data unless he believes:
- that a provisional authorisation is necessary and
 - the provisionally authorised investigation is proportionate to what is sought to be achieved by carrying it out.
- 8.9 For local authority investigations, provisional authorisation is deemed "**necessary**" in the circumstances of the particular case if it is for the purpose of preventing or detecting crime.
- 8.10 Conduct is not deemed "**proportionate**" if the pursuance of the legitimate aim listed above will not justify the interference or if the means used to achieve the aim are excessive in the circumstances. Any conduct must meet the objective in question and must not be arbitrary or unfair nor must the impact on any individuals or group be too severe. The conduct must also be the least invasive method of achieving the end and the risk of intrusion into the privacy of persons other than those who are directly the subjects of the investigation must be assessed and taken into account (see Collateral Intrusion below).
- 8.11 Consideration must be given to the seriousness of the offence under consideration. Authorisation for directed surveillance can only be granted if the purpose of the surveillance is the prevention or detection of crime(s) punishable by 6 months imprisonment or more or relates to the sale or alcohol or tobacco to underage persons.

- 8.12 Careful consideration needs to be given by authorising officers to all of these points. Such consideration needs to be demonstrated on the authorisation form. Authorising Officers must exercise their minds every time they are asked to sign a form. They must never sign the form without thinking about their personal and the Council's responsibilities. Any boxes not needed on the form/s must be clearly marked as being 'not applicable' or a line put through the same. Great care must also be taken to ensure accurate information is used and inserted in the correct boxes. Reasons for any refusal of an application must also be kept on the form and retained for future audits.
- 8.13 Authorising Officers should not be responsible for authorising investigations or operations in which they are directly involved.

Collateral Intrusion

- 8.14 Before provisionally authorising investigative procedures, the Authorising Officer shall also take into account the risk of intrusion into the privacy of persons other than those who are directly the subjects of the investigation or operation (collateral intrusion). The investigating officer shall take measures, wherever practicable, to avoid or minimise unnecessary intrusion into the lives of those not directly connected with the investigation or operation. The Authorising Officer must consider whether there is a risk of collateral intrusion into the private life of any person who is not the primary subject of the investigation. In addition to named individuals, the application should include a description of those who might be at risk of collateral intrusion should authorisation be granted. If the risk of collateral intrusion is significant, the Authorising Officer must decide whether a separate authorisation is necessary for those other people.
- 8.15 If, during the operation, the privacy of individuals not covered by the initial authorisation is unexpectedly interfered with, the Authorising Officer's consideration must be sought to determine whether the initial authorisation needs to be amended and re-authorised or whether a new authorisation is required.
- 8.16 When considering collateral intrusion and proportionality, the Authorising Officer must balance the intrusiveness of the activity on the target and others against the operational need for the activity. The Authorising Officer should only authorise the activity that is the least intrusive - unnecessary intrusion must be minimised.
- 8.17 An application for a provisional authorisation shall include an assessment of the risk of any collateral intrusion. The Authorising Officer shall take this into account, when considering the proportionality of the surveillance.
- 8.18 Where an operation unexpectedly interferes with the privacy of individuals who were not the subject of surveillance or covered by the authorisation in some other way, the investigating officer should inform the Authorising Officer.

Judicial Approval of Provisional Authorisations and Renewals

- 8.19 The Council is only able to grant a provisional authorisation or renewal to conduct covert surveillance. All provisional authorisations and renewals must be approved by the Magistrates Court before surveillance commences.
- 8.20 Authorising Officers must when making authorisations be aware that each authorisation (or renewal of an authorisation) for the use of directed surveillance, acquisition of communications data or for the use of a CHIS will be subject to judicial approval through a Magistrates Court application.
- 8.21 The Council must apply to the local Magistrates Court for an Order approving the grant or renewal of an authorisation. A template application form and draft Order are included at **Appendix 6** to this policy. In order to obtain judicial approval, the first page of the template form must be completed and submitted along with a copy of the provisional authorisation and any other relevant supporting documents.
- 8.22 The Council does not need to give notice of the application to the person(s) subject to the application or their legal representatives. If the Magistrates Court refuse to approve the application, it may also make an order quashing the provisional authorisation.
- 8.23 Magistrates will give approval only if, at the date of the grant of authorisation or renewal of an existing authorisation, they are satisfied that:
- there were reasonable grounds for believing that the use of the measure is reasonable and proportionate and that these grounds still remain;
 - the "relevant conditions" were satisfied in relation to the authorisation.
- 8.24 Relevant conditions are that:
- the relevant person was designated as an Authorising Officer or Designated Person;
 - it was reasonable and proportionate to believe that using the proposed measure was necessary and that the relevant conditions have been complied with;
 - the grant or renewal of any authorisation or notice was not in breach of any restrictions imposed under section 25(3) of RIPA; and
 - any other conditions provided for by an order made by the Secretary of State were satisfied.
- 8.25 Judicial approval will also review that the serious crime threshold has been met in relation to the carrying out of directed surveillance. The threshold is that the directed surveillance is for the purpose of preventing or detecting a criminal offence and meets the following conditions:
- that the criminal offence to be prevented or detected is punishable by a maximum term of at least six months' imprisonment; or

- constitutes an offence under sections 146, 147 or 147A of Licensing Act 2003 (sale of alcohol to children) or section 7 of the Children and Young Persons Act 1933 (sale of tobacco to children under 18 years old) or
- constitutes an offence under section 92 Children and Families Act 2014 (sale of nicotine inhaling products to children under 18 years old) or proxy purchasing of tobacco, including nicotine inhaling products, to children under 18 years old under section 91 Children and Families Act 2014.

It is therefore essential that Investigating officers consider the penalty attached to the criminal offence which they are investigating, before considering whether it may be possible to obtain an authorisation for directed surveillance. If the Magistrates' Court refuses to approve the grant of the authorisation, then it may make an order to quash that authorisation.

Urgency

8.26 Urgent authorisations to bypass the above requirements are not available in relation to directed surveillance or covert human intelligence sources.

Standard Forms

8.27 All authorisations must be in writing. Standard forms for seeking provisional directed surveillance and covert human intelligence source authorisations are provided at annex 2 & 4. The standard form for obtaining judicial approval is provided at annex 6. All authorisations shall be sought using the standard forms as amended from time to time.

9. DURATION OF AUTHORISATIONS

9.1. All records must be kept for at least three years.

9.2. A written authorisation ceases to have effect at the end of the following periods, unless it is renewed:

9.2.1. Directed surveillance – 3 months.

9.2.2. Conduct and use of a CHIS – 12 months.

9.2.3. A notice issued for the production of communication data will remain valid for one month.

10. REVIEWS

10.1. The regular review of authorisations and notices must be undertaken by the relevant authorising officer to assess the need for the surveillance or notice to continue. The results of the review must be recorded on the central record of authorisations.

10.2. Where surveillance provides access to confidential information or involves collateral intrusion particular attention must be given to the need for surveillance in such circumstances.

10.3. In each case, the Authorising Officer must determine how often a review is to take place and this should be as frequently as is considered necessary and practicable.

10.4. See annexes 2, 4, or 5 for location of review forms.

11. RENEWALS

11.1. If at any time an authorisation or notice ceases to have effect and the Authorising Officer considers it necessary for the authorisation or notice to continue for the purposes for which it was given, s/he may renew it, in writing, for a further period of:-

- 11.1.1. Directed surveillance – 3 months;
- 11.1.2. CHIS – 12 months;
- 11.1.3. Access to communications data – 1 month.

11.2. A renewal takes effect at the time at which the previous authorisation ceased to have effect. An application for renewal should not be made until shortly before the authorisation period is drawing to an end. Any person entitled to grant a new authorisation can renew an authorisation. Authorisations may be renewed more than once provided they continue to meet the criteria for authorisation.

11.3. See annexes 2, 4 or 5 for location of renewal forms.

12. CANCELLATIONS

12.1. The Authorising Officer who granted or last renewed the authorisation or notice must cancel it if satisfied that the authorised measure no longer meets the criteria for which it was authorised. When the Authorising Officer is no longer available this duty falls on the person who has taken over the role of Authorising Officer or the person who is acting as Authorising Officer. See annexes 2, 4 or 5 for location of cancellation forms.

12.2. As soon as the decision is taken that an approved measure should be discontinued or its use no longer meets the criteria for which it was authorised, instruction must be given to those involved to stop the activity. The authorisation does not expire when the activity has been carried out or is deemed no longer necessary. It must be either cancelled or renewed. The date and time when such an instruction was given should be recorded in the central register of authorisations and the notification of cancellation, where relevant.

13. RETENTION AND DESTRUCTION OF MATERIAL

13.1 Confidential material must be destroyed as soon as it is no longer needed. It must not be retained or copied unless for a necessary and specified purpose.

14. CENTRAL REGISTER AND MONITORING

- 14.1. Each Authorising Officer will notify the Director of Law and Assurance of all authorisations and terminations of the regulated activities. The Director of Law and Assurance will keep written records centrally. All such authorisations and terminations will be monitored and reviewed on a regular basis by the Director of Law and Assurance to ensure compliance with current rules and with this policy. Any breaches of this policy, or the Regulations or Codes of Practice will be pursued with the relevant Director and where necessary, referred to the Director of Law and Assurance as Monitoring Officer.
- 14.2. A copy of all authorisations, renewals and cancellations together with relevant supporting information shall be forwarded to the Director of Law and Assurance within 5 working days of the date of the authorisation, renewal or cancellation.
- 14.3. **The Director of Law and Assurance shall:**
 - 14.3.1. Keep a register of the documents referred to above;
 - 14.3.2. Monitor the quality of the documents and information received;
 - 14.3.3. Monitor the integrity of the process in place for the management of any CHIS;
 - 14.3.4. Monitor compliance with Part II of RIPA and the Codes;
 - 14.3.5. Oversee the reporting of errors to the relevant oversight Commissioner and the identification of both the cause of errors and the implementation of processes to minimise any repetition;
 - 14.3.6. Engage with the IPCO Inspectors when they conduct their inspections, where applicable, and
 - 14.3.7. Where necessary, oversee the implementation of post-inspection action plans approved by the relevant oversight Commissioner.

15. PLANNED AND DIRECTED USE OF COUNCIL CCTV SYSTEMS

- 15.1 The Council's CCTV surveillance systems must not be used for directed surveillance without the Director of Law and Assurance confirming to the relevant operational staff that a valid authorisation is in place.

16. CONSEQUENCES OF NON COMPLIANCE

- 16.1. If authorisation confers entitlement to engage in a certain conduct and the conduct is in accordance with the authorisation, then it shall be lawful for all purposes.

- 16.2. Where there is unjustifiable interference with the right to respect for private and family life guaranteed under Article 8 of the European Convention on Human Rights, and where there is no other source of lawful authority, the consequence of not obtaining an authorisation under RIPA may be that the action is unlawful by virtue of section 6 of the Human Rights Act 1998.
- 16.3. Officers shall seek an authorisation where the directed surveillance, the use of a source or the obtaining or disclosure of communications data is likely to interfere with a person's Article 8 rights to privacy by obtaining private information about that person, whether or not that person is the subject of the investigation or operation. Obtaining an authorisation will ensure that the action is carried out in accordance with law and subject to stringent safeguards against abuse.

17. TRAINING

- 17.1. The Senior Responsible Officer will have and maintain written arrangements for holding and updating copies of any Regulations and their relevance in practice and procedures and for training staff responsible for any relevant enforcement activities and the implementation of this policy.
- 17.2. The Authorising Officers and Single Points of Contact shall be provided with training to ensure awareness of the legislative framework. Single Points of Contact can only be appointed following attendance at a training course accredited by the Home Office and passing a written examination.

18. COMPLAINTS AND REPRESENTATIONS

- 18.1 The Director of Law and Assurance will be responsible for responding to complaints under RIPA in liaison with the relevant Director and for the management of representations to the Tribunal established under Part IV of RIPA in respect of any referrals relating to the activities of the County Council together with responsibility for liaison with the Office of the Commissioner.

19. DATA PROTECTION

All data will be kept in accordance with the Data Protection principles and the Council's Information Governance policies.

March 2020

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Regulation, Audit and Accounts Committee

23 July 2020

Treasury Management Compliance Report – First Quarter 2020/21

Director of Finance and Support Services

Executive Summary

In accordance with treasury management governance arrangements, this report details compliance against planned parameters as approved within the annual Treasury Management Strategy Statement (TMSS).

During the first quarter of 2020/21 the Council complied with all of the relevant statutory and regulatory requirements related to its treasury management activities. The Director of Finance and Support Services confirms that there were no breaches of the approved TMSS (including the Annual Investment Strategy) during the period.

Focus for Regulation, Audit and Accounts Committee

The Committee is asked to review and comment on the Treasury Management Compliance Report.

1. Introduction

- 1.1 The Council has substantial amounts of investments and borrowings and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice for Treasury Management recommends that members are regularly updated on treasury management activity; this report therefore ensures the Council is implementing best practice in accordance with the Code.

2. Compliance Report

- 2.1 Throughout the first quarter of 2020/21 the Council complied with the relevant statutory and regulatory requirements which require officers to identify and where possible quantify the levels of risk associated with its treasury management activities. Additionally there were no changes to the Council's approved 2020/21 lending list as a result of credit updates; including rating information published by Fitch, Moody's and Standard & Poor's, credit default swap/equity price trends and general media alerts.
- 2.2 Borrowing: At 30 June 2020 the Council's Public Works Loan Board (PWLB) long-term borrowing for capital purposes totalled £478.3m (£481.8m at 31 March 2020). During the first quarter of 2020/21:

- (a) No new external borrowing for capital purposes was undertaken during the period; however £3.5m (plus interest) was repaid to the PWLB as per the terms and conditions of the £70m borrowing taken during April 2011 (leaving £7.0m to be repaid by April 2021).
- (b) No external debt rescheduling was undertaken during the period.
- (c) Excluding money held on behalf of the Chichester Harbour Conservancy (and its associated charities) no short-term borrowing was undertaken for cash flow purposes. The Council's policy of funding daily cash flow shortages from balances held in the Council's instant access bank accounts and short-term Money Market Funds was maintained throughout the period.

2.3 **Investment:** The average level of Council funds available for treasury investment during 2020/21 (to-date) was £353.8m. Actual levels of investments, including cash balances held in the Council's main Lloyds business bank accounts, amounted to £340.7m at 30 June 2020 (£338.1m as at 31 March 2020). Investment balances continue to depend on the timing of precept payments from West Sussex Boroughs/Districts and government grants received in advance of expenditure, levels of useable reserves and the progress on the Council's capital programme (including the arrangement of new long-term borrowing).

2.4 UK banking legislation places the burden of rescuing failing banks disproportionately onto unsecured creditors (including local authority investors) through the potential bail-in of unsecured bank deposits. The use of unsecured bank deposits and short-term Money Market Funds however remains an integral part of the Council's investment strategy in maintaining adequate cash-flow liquidity as well as enhancing short-term investment returns. As a consequence, the disposition of bank unsecured/other investments at 30 June 20 as compared with 31 March 2020, is detailed below:

| Counterparty Type | Mar-20 £m | Mar-20 % | Jun-20 £m | Jun-20 % |
|------------------------------------|--------------|--------------|--------------|--------------|
| Banks Unsecured (Deposits) | 60.0 | 17.7 | 25.0 | 7.3 |
| Banks Unsecured (Call Accounts) | 0.2 | 0.1 | 15.0 | 4.4 |
| Short-Term Money Market Funds | 66.2 | 19.6 | 98.7 | 29.0 |
| Total Bank Unsecured | 126.4 | 37.4 | 138.7 | 40.7 |
| Bank Secured (greater than 1 year) | 10.0 | 2.9 | 10.0 | 2.9 |
| Non-Bank (less than 1 year) | 139.5 | 41.3 | 139.5 | 41.0 |
| Non-Bank (greater than 1 year) | 25.0 | 7.4 | 15.0 | 4.4 |
| Internal Investments | 300.9 | 89.0 | 303.2 | 89.0 |
| Externally Managed - Multi Asset | 13.9 | 4.1 | 14.9 | 4.4 |
| Externally Managed - Property | 23.3 | 6.9 | 22.6 | 6.6 |
| TOTAL INVESTMENTS | 338.1 | 100.0 | 340.7 | 100.0 |

2.5 During the first quarter of 2020/21 the Council has continually monitored cash flow positions to ensure that there were sufficient funds to meet all financial obligations (including those relating to Covid-19) as they arose. To achieve this and in line with investment advice received from the Council's treasury management advisor (Link Asset Services) the above

table reports that the exposure to instant access investments (bank call accounts and Money Market Funds) has increased from £66.4m at 31 March 2020 to £113.7m at 30 June 2020 (representing a 71.2% increase). The full breakdown of the Council's investment portfolio at 30 June 2020 is shown in **Appendix A**.

- 2.6 In demonstrating compliance with the Council's creditworthiness policy (as contained within the approved 2020/21 "Annual Investment Strategy") the movement in the Council's investment portfolio (actual cash position) by the credit rating of the financial institution, or the credit rating of the specific investment (for example covered bonds) if higher than the individual counterparty rating, is shown below:

| Institution / Investment Credit Rating | Mar-20 £'m | Jun-20 £'m |
|-------------------------------------------|---------------|---------------|
| AAA (i) | 76.2 | 108.7 |
| AA- | 20.0 | 20.0 |
| A+ | 15.2 | 15.0 |
| A | 30.0 | 10.0 |
| A- | 10.0 | 10.0 |
| Local Authority (No Rating) | 149.5 | 139.5 |
| Internally Managed | 300.9 | 303.2 |
| Externally Managed | 37.2 | 37.5 |
| Total Investments | 338.1 | 340.7 |

(i) Includes short-term Money Market Funds and Covered Bonds.

- 2.7 Furthermore, the Director of Finance and Support Services confirms that during the first quarter there were no breaches of the following additional exposure limits as approved within the 2020/21 Annual Investment Strategy, including:
- Up to a maximum of £25m may be invested with UK Registered Social Landlords (Housing Associations): Actual **£10.0m** at 30 June 2020.
 - Up to a maximum of £100m may be invested in negotiable instruments (bonds, certificate of deposits etc.) held in a nominated custody account: Actual **£10.0m** at 30 June 2020.
 - Up to a maximum of £150m may be invested in short-term Money Market Funds (excluding externally managed pooled funds): Actual **£98.7m** at 30 June 2020.
 - Up to a maximum of £100m may be invested in externally managed pooled funds; of which £60m may be invested in such funds not holding a AAA credit rating: Actual **£37.5m** total investment at 30 June 2020 (all of which is invested in unrated multi-asset income and property funds).
 - Up to a maximum of £100m to be made available for long-term strategic investment based on forecast levels of PFI/MRMC reserves

(as reported in the Council's Treasury Indicators): Actual **£62.5m** at 30 June 2020.

3. Resource and Value for Money Implications

3.1 Covered in main body of report.

4. Risk Management Implications

4.1 Covered in main body of report.

5. Human Rights Act Implications

5.1 Not applicable.

6. Crime and Disorder Act Implications

6.1 Not applicable.

Katharine Eberhart

Director of Finance and Support Services

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Appendices

Appendix A -Investment Portfolio at 30 June 2020

Background Papers

None

Investments held as at 30 June 2020

Investments held with counterparty's approved within the Council's 2020/21 Treasury Management Strategy (together with prevailing credit ratings and maximum monetary and duration limits) at 30 June 2020, are set out below:

Total Investments for period = £340.7m

Table 1: UK Banks (Unsecured) – Total £40.0m

| Counterparty | Credit Rating | Monetary Limits | Duration Limits | Start Date | Maturity Date | No. of Days | Days to Maturity | Interest Rate | Amount |
|--------------------------------------------|---------------|-----------------|-----------------|------------|---------------|-------------|------------------|---------------|--------|
| Handelsbanken Plc: Instant Access Account | AA- | £15m | 1 Year | n/a | n/a | n/a | n/a | 0.15% | £15.0m |
| Lloyds Bank Plc: Business Account(s) | A+ | £15m | 1 Year | n/a | n/a | n/a | n/a | 0.00% | £0.0m |
| Lloyds Bank Plc: 175-Day Notice Account | A+ | £15m | 1 Year | n/a | n/a | n/a | n/a | 0.31% | £14.5m |
| Lloyds Bank Plc: 175-Day Notice Withdrawal | A+ | £15m | 1 Year | 03/02/20 | 27/07/20 | 175 | 27 | 0.31% | £0.5m |
| National Westminster Bank Plc | A | £15m | 1 Year | 01/10/19 | 30/09/20 | 365 | 92 | 0.91% | £5.0m |
| National Westminster Bank Plc | A | £15m | 1 Year | 02/01/20 | 29/12/20 | 362 | 182 | 0.96% | £5.0m |

Table 2: Short-Term Money Market Funds – Total £98.7m

| Counterparty | Credit Rating | Monetary Limits | Duration Limits | Start Date | Maturity Date | No. of Days | Days to Maturity | Interest Rate | Amount |
|-------------------------------------------|---------------|-----------------|-----------------|------------|---------------|-------------|------------------|---------------|--------|
| Aberdeen Standard Sterling Liquidity Fund | AAA | £25m | Note (i) | n/a | n/a | n/a | n/a | 0.24% | £25.0m |
| Blackrock Sterling Liquidity Fund | AAA | £25m | Note (i) | n/a | n/a | n/a | n/a | 0.19% | £25.0m |
| Deutsche Sterling Liquidity Fund | AAA | £25m | Note (i) | n/a | n/a | n/a | n/a | 0.18% | £23.7m |
| Federated Prime Sterling Liquidity Fund | AAA | £25m | Note (i) | n/a | n/a | n/a | n/a | 0.24% | £25.0m |

(i) No defined maturity periods for short-term Money Market Funds; withdrawals based on cash flow liquidity requirements.

Table 3: UK Banks (Secured) – Total £10.0m

| Counterparty | Credit Rating | Monetary Limits | Duration Limits | Start Date | Maturity Date | No. of Days | Days to Maturity | Interest Rate | Amount |
|--------------------------------------------|---------------|-----------------|-----------------|------------|---------------|-------------|------------------|---------------|--------|
| Nationwide Building Society (Covered Bond) | AAA | £25m | 10 Years | 02/08/19 | 02/08/22 | 1,096 | 763 | 0.49% | £10.0m |

Table 4: UK Local Authorities – Total £144.5m

| Counterparty | Credit Rating | Monetary Limits | Duration Limits | Start Date | Maturity Date | No. of Days | Days to Maturity | Interest Rate | Amount |
|----------------------------------------|---------------|-----------------|-----------------|------------|---------------|-------------|------------------|---------------|--------|
| Aberdeen City Council | AA- | £25m | 20 Years | 19/12/19 | 24/09/20 | 280 | 86 | 0.95% | £5.0m |
| Barking & Dagenham Council | n/a | £25m | 20 Years | 16/06/20 | 23/10/20 | 129 | 115 | 0.30% | £5.0m |
| Barnsley Metropolitan Borough Council | n/a | £25m | 20 Years | 05/11/19 | 05/11/21 | 731 | 493 | 1.45% | £5.0m |
| Blackpool Council | n/a | £25m | 20 Years | 30/01/20 | 30/07/20 | 182 | 30 | 0.90% | £10.0m |
| Croydon Council | n/a | £25m | 20 Years | 05/11/19 | 03/11/20 | 364 | 126 | 0.95% | £10.0m |
| Doncaster Metropolitan Borough Council | n/a | £25m | 20 Years | 15/08/19 | 13/08/20 | 364 | 44 | 0.88% | £5.0m |
| Dundee City Council | n/a | £25m | 20 Years | 29/10/19 | 27/10/20 | 364 | 119 | 0.98% | £5.0m |
| Hackney Council | n/a | £25m | 20 Years | 27/02/20 | 25/02/21 | 364 | 240 | 0.97% | £10.0m |
| Haringey Council | n/a | £25m | 20 Years | 13/03/20 | 12/03/21 | 364 | 255 | 0.98% | £10.0m |
| Highland Council | n/a | £25m | 20 Years | 10/02/20 | 08/02/21 | 364 | 223 | 0.98% | £4.5m |
| Hillingdon Council | n/a | £25m | 20 Years | 12/06/20 | 01/12/20 | 172 | 154 | 0.35% | £5.0m |
| Isle of Wight Council | n/a | £25m | 20 Years | 09/04/20 | 08/04/21 | 364 | 282 | 1.00% | £5.0m |
| North Lanarkshire Council | n/a | £25m | 20 Years | 09/12/19 | 09/11/20 | 336 | 132 | 0.93% | £5.0m |
| Plymouth City Council | n/a | £25m | 20 Years | 25/03/20 | 24/03/21 | 364 | 267 | 1.30% | £10.0m |
| Salford City Council | n/a | £25m | 20 Years | 13/12/19 | 11/12/20 | 364 | 164 | 0.95% | £5.0m |
| Southwark Council | n/a | £25m | 20 Years | 22/01/20 | 20/01/21 | 364 | 204 | 1.00% | £5.0m |
| Stockport Metropolitan Borough Council | n/a | £25m | 20 Years | 31/03/20 | 30/03/21 | 364 | 273 | 0.98% | £10.0m |
| Surrey County Council | n/a | £25m | 20 Years | 24/06/20 | 24/11/20 | 153 | 147 | 0.42% | £10.0m |
| Thurrock Council | n/a | £25m | 20 Years | 03/07/19 | 02/07/20 | 365 | 2 | 0.95% | £10.0m |
| Thurrock Council | n/a | £25m | 20 Years | 05/08/19 | 04/08/20 | 365 | 35 | 0.92% | £10.0m |

Table 5: UK Housing Associations (RSLs) – Total £10.0m

| Counterparty | Credit Rating | Monetary Limits | Duration Limits | Start Date | Maturity Date | No. of Days | Days to Maturity | Interest Rate | Amount |
|-----------------------------------------|---------------|-----------------|-----------------|------------|---------------|-------------|------------------|---------------|--------|
| Metropolitan Housing Trust (MTVH Group) | A- | £15m | 5 Years | 05/09/19 | 06/09/21 | 732 | 433 | 1.40% | £10.0m |

Table 7: Pooled Funds (Externally Managed) – Total £37.5m

| Counterparty | Credit Rating | Monetary Limits | Duration Limits | Start Date | Maturity Date | No. of Days | Days to Maturity | 2020/21 EIR(%) | Market Value |
|-----------------------------------------|---------------|-----------------|-------------------|------------|---------------|-------------|------------------|----------------|--------------|
| Fidelity Multi-Asset Income Fund | n/a | £15m | <i>Note (ii)</i> | 11/12/18 | n/a | 568 | n/a | 4.54% | £7.6m |
| Ninety-One Diversified Income Fund | n/a | £15m | <i>Note (ii)</i> | 05/12/18 | n/a | 574 | n/a | 4.18% | £7.3m |
| CCLA (Local Authorities' Property Fund) | n/a | £15m | <i>Note (iii)</i> | 28/02/17 | n/a | 1,219 | n/a | 3.66% | £9.1m |
| Hermes Property Unit Trust (HPUT) | n/a | £15m | <i>Note (iii)</i> | 28/08/18 | n/a | 673 | n/a | 2.16% | £9.1m |
| Lothbury Property Trust (LPT) | n/a | £15m | <i>Note (iii)</i> | 03/09/18 | n/a | 667 | n/a | 2.20% | £4.4m |

(ii) Three year investment horizon for externally managed multi-asset income funds.

(iii) Minimum five year investment horizon for externally managed property funds.

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Regulation, Audit and Accounts Committee – Work Programme 2020/21

Committee Date:-25 September 2020

| Item |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| As agreed at the informal, virtual meeting on 3 April, this meeting has been scheduled to be used as an additional reserve committee date if required. Its use will be determined nearer the time and could potentially be used to sign the accounts if they were ready. |

Committee Date:- 20 November 2020

| Item | Lead Officer | Objectives and comments |
|--------------------------------------|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial Statements 2019/20 | Vicky Chuter | <ul style="list-style-type: none"> • To approve the statement of accounts for the County Council and Pension Fund. |
| Annual Governance Statement | Charles Gauntlett | <ul style="list-style-type: none"> • To approve the Annual Governance Statement for 2020/21 and agree action plan. |
| Quarterly Treasury Management Report | Vicky Chuter | <ul style="list-style-type: none"> • Treasury Management Compliance Update - Quarterly Report on compliance and performance against the Treasury Management Strategy and planned parameters. |
| Accounts Payable System Review | Vicky Chuter | <ul style="list-style-type: none"> • To update the Committee on the outcome of the recent Accounts Payable Review |
| Quarterly Risk Management Report | Fraser Pake | <ul style="list-style-type: none"> • To receive quarterly update report on the effectiveness of risk management arrangements. |
| Internal Audit Progress Report | Neil Pitman | <ul style="list-style-type: none"> • To receive a progress update against the audit plan, outstanding management actions, audit performance and any significant issues arising from internal audit reviews |
| External Audit Report | External Auditor | <ul style="list-style-type: none"> • To review/note the Audit Results Report for County and Pensions |

Committee Date:- 18 January 2021

| Item | Lead Officer | Objectives and comments |
|--------------------------------------|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Annual Governance Statement Update | Charles Gauntlett | <ul style="list-style-type: none"> To provide an update on progress against the action plan |
| Quarterly Treasury Management Report | Vicky Chuter | <ul style="list-style-type: none"> Treasury Management Compliance Update - Quarterly Report on compliance and performance against the Treasury Management Strategy and planned parameters. |
| Quarterly Risk Management Report | Fraser Pake | <ul style="list-style-type: none"> To receive quarterly update report on the effectiveness of risk management arrangements. |
| Internal Audit Progress Report | Neil Pitman | <ul style="list-style-type: none"> To receive a progress update against the audit plan, outstanding management actions, audit performance and any significant issues arising from internal audit reviews |
| External Audit Report | External Auditor | <ul style="list-style-type: none"> Planning report |

Committee Date:- 8 March 2021

| Item | Lead Officer | Objectives and comments |
|---------------------------------------------------|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial Statements 2020/21 - Plans and Progress | Vicky Chuter | <ul style="list-style-type: none"> To update on progress to date for closing the 2020/21 accounts for West Sussex County Council and the West Sussex Pension Fund. |
| Financial Regulations | Vicky Chuter | <ul style="list-style-type: none"> To review the processes in place. |
| Quarterly Risk Management Report | Fraser Pake | <ul style="list-style-type: none"> To receive quarterly update report on the effectiveness of risk management arrangements. |
| Internal Audit Progress Report | Neil Pitman | <ul style="list-style-type: none"> To receive a progress update against the audit plan, outstanding management actions, audit performance and any significant issues arising from internal audit reviews |
| Internal Audit Plan 2021/22 | Neil Pitman | <ul style="list-style-type: none"> To consider the Internal Audit Plan and Fraud Plan for 2021/22 |
| Internal Audit Charter 2021/22 | Neil Pitman | <ul style="list-style-type: none"> To consider the Internal Audit Charter 2021/22 |
| External Audit Report | External Auditor | <ul style="list-style-type: none"> Progress report |
| Work Programme 2020/21 | Adam Chisnall | <ul style="list-style-type: none"> To agree the work programme for the following year. |