

Public Document Pack

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6 July 2023

Regulation, Audit and Accounts Committee

A meeting of the Committee will be held at **11.00 am** on **Friday, 14 July 2023** at **County Hall North, Horsham, RH12 1XA**.

Tony Kershaw
Director of Law and Assurance

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 of the last meeting of the Committee** (Pages 5 - 12)

The Committee is asked to agree the minutes of the meeting held on 20 March 2023 (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. **2022/23 External Audit Progress - Verbal Update**

The Committee to receive a verbal update from the External Auditor Ernst & Young (EY).

5. **Internal Audit Annual Report & Opinion 2022/23** (Pages 13 - 42)

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

The Committee is asked to consider the recommendations in the report.

6. **Internal Audit & Fraud Plan (Q2)** (Pages 43 - 58)

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

The Committee is asked to consider the recommendations in the report.

7. **Quarterly Review of Corporate Risk Management** (Pages 59 - 102)

Report by the Director of Finance and Support Services.

The Committee is asked to review the information detailed in the report and provide comment as necessary.

8. **Annual Governance Statement 2022/23** (Pages 103 - 152)

Report by the Director of Law and Assurance.

The Committee is asked to note the draft Statement for 2022/23, subject to any comments.

9. **Anti-Fraud and Corruption Strategy & Anti-Money Laundering Policy**
(Pages 153 - 180)

Report by the Director of Finance and Support Services.

The Committee is asked to approve the Anti-Fraud and Corruption Strategy and the Anti-Money Laundering Policy. The Committee is also asked to note that the Anti-Fraud and Corruption Strategy and the Anti-Money Laundering Policy will be reviewed in 2026.

10. **Treasury Management Compliance Report - First Quarter 2023/24**
(Pages 181 - 188)

Report by the Director of Finance and Support Services.

The Committee is asked to note the report.

11. **Proposed Changes to the Committee's Terms of Reference** (Pages 189 - 194)

Report by the Director of Law and Assurance.

The Committee is asked to approve the proposed changes to the Committee's Terms of Reference and agree to refer them to the Governance Committee for consideration and onward for approval by the County Council.

12. **Date of Next Meeting**

The next meeting of the Committee will be held at 10.30 am on 21 September 2023 at County Hall, Chichester. Planned agenda items include:

- Financial Regulations
- Electronic Signatures

To all members of the Regulation, Audit and Accounts Committee

Regulation, Audit and Accounts Committee

20 March 2023 – At a meeting of the Regulation, Audit and Accounts Committee held at 10.30 am at County Hall, Chichester, PO19 1RQ.

Present: Cllr N Dennis (Chairman)

Cllr Boram, Cllr Greenway, Cllr Kenyon, Cllr Montyn, Cllr Wall and Mr Parfitt

Also in attendance: Cllr Hunt

Part I

31. Declarations of Interest

31.1 None

32. Minutes of the last meeting of the Committee

32.1 Resolved – That the minutes of the meeting of the Committee held on 1 February 2023 be approved as a correct record and that they be signed by the Chairman.

33. Urgent Matters

33.1 The Chairman noted that Silicon Valley & Credit Suisse had been in the news regarding banking collapses or rescues and queried if West Sussex investments could be impacted.

33.2 Mrs Chuter, Financial Reporting Manager, confirmed that there was no West Sussex portfolio exposure to Silicon Valley. For Credit Suisse, there was no direct exposure or indirect exposure with money market funds. Officers were checking exposure for the two multi-asset income funds. For UBS, there were holdings amounting to £1.4m with money market funds, with officers looking into the multi-asset fund position.

33.3 Cllr Hunt, Cabinet Member for Finance and Property, gave reassurance that officers were monitoring the situation.

33.4 Mrs Chuter resolved to send confirmation of the situation to the committee members following the officer investigation.

34. Financial Statements 2022/23 - Plans and Progress

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

34.2 Mrs Chuter introduced the report which was a regular paper to the March meeting of the committee for the West Sussex County Council and West Sussex Pension Fund Statements.

34.3 The current deadline for publishing the unaudited 2022/23 accounts was the end of May; with the audit deadline the end of September. The timelines to meet the deadline had been laid out in the report.

34.4 Mrs Chuter reported that a consultation from the Department for Levelling Up, Housing and Communities (DLUHC) on the May deadline had just closed. Mrs Chuter felt many councils would have raised concerns with the May deadline; with County Council officers responding that the end of June would be a better deadline. The risk register reflected the current challenge of meeting the May deadline.

34.5 The Committee made comments including those that follow.

- Raised concerns at the deadlines and asked when EY would begin their audit work. – Mrs Chuter confirmed that officers were working to the legislative deadline which was achievable but challenging. The ongoing work with the valuers would add a risk. It was reported that a strong, experienced team were working on the statements to ensure deadlines were maintained to avoid any impact on the following year's statements. Mrs Eves, Director of Finance and Support Services, expressed the importance of hitting the deadline so that the County Council was high on EY's list for auditing.
- Queried the sequencing of when working papers were completed. – Mrs Chuter confirmed that the working papers would be used in the preparation of the statements to substantiate numbers and it was typical that they were finalised after the statement publication due to the challenging deadline.
- Requested details on the school bank reconciliation work. – Mrs Chuter confirmed that this was a large piece of work to reconcile all the accounts. It was hoped that Oracle would bring improvements in this area. Mrs Chuter confirmed that there was always annual reconciliation work to complete.
- Sought clarity over the Teachers' Pension Scheme work. – Mrs Chuter reported that it was unlikely all cases would be completed in time, however officers were currently working on batches. The total number of cases has reduced from initial estimates where members were realised to no longer be in scope of the work. An internal discussion would be considered if additional resourcing was required.
- Noted the resourcing concerns for EY. – Mrs Chuter confirmed that this was a national issue for audit and that EY considered the County Council an important client. Mrs Eves reported on a letter from DLUHC which outlined all responsibilities and how Councils and Auditors should work together. The lack of resources was acknowledged, and it was reported that more External Audit companies were entering the market.
- Noted that the risks associated with the Smartcore project were significant as they would impact the whole Council. – Mrs Eves acknowledged the risks and confirmed that the project was complex. Smartcore had been discussed at a recent Performance and Finance Scrutiny Committee meeting, and would be discussed again at the June meeting. The project was carefully considering all elements; which included resource requirements; migration and the impact on EY's audit; and the production of accounts. There was currently no go live date following the decision to delay the proposed 6 April launch.

- Expressed the importance of involving staff in the Smartcore project who had detailed knowledge of the systems. – Mrs Eves confirmed that key staff were involved in the project, and resources for the go live element had also been considered. The ‘adopt versus adapt’ approach had been considered, as working with the product with as minimal adjustments as possible would ensure smoother implementation and maintenance.
- Requested that the committee receive communication from officers on timelines when the deadline date is confirmed.

34.6 Resolved – That the Committee:

- 1) Notes the project plans for the County Council and Pension Fund accounts and the progress to date.
- 2) Approves the draft accounting policies for both the County Council and Pension Fund accounts for 2022/23 for application in preparing this year’s accounts.

35. Internal Audit Progress Report

35.1 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).

35.2 The item began with attendance from Mrs Phillips, Assistant Director – Safeguarding planning performance, to discuss the Care Quality Commission (CQC) inspection preparation.

35.3 Mrs Phillips explained that adult social care had not been inspected in 13 years and so the CQC was inspecting to ensure compliance with the care act. County Council officers had been working with the CQC to understand the methodology that would be used for the inspection so that they could ensure necessary compliance with the care act responsibilities. 20 Councils will be inspected each quarter until all councils have a base line.

35.4 Mrs Phillips reported that officers were focussing on the ‘must’ and ‘should’ elements of compliance; and had created an action plan linked to adults project plan. Internal Audit were working with the service to look into the plans and the assessment criteria. Seven audits had been undertaken; five were reasonable and two were limited. Internal Audit had marked the project plan as reasonable, and highlighted areas for improvement. 142 policies are also being reviewed by officers to ensure compliance.

35.5 Mrs Phillips reported that additional funding had been granted by the County Council in the budget for a two year improvement programme.

35.6 The Committee made comments including those that follow.

- Queried how the plan would be organised and monitored. - Mrs Phillips explained that there was a Programme Management Office which was being chaired by the Director of Adult Services.
- Asked what oversight the Health and Adult Social Care Scrutiny Committee (HASC) would have over the project. – Cllr Wall,

Chairman of HASC, confirmed that the project was well on the Committee's radar.

- Sought clarity over the control systems to manage the multiple policies. – Mrs Phillips agreed there were a high number of policies and gave reassurance that a piece of work was underway to ensure the policies were accessible.
- Queried the assessment into the County Council's capabilities to successfully deliver the project. – Mrs Phillips reported that the new Programme Management Office was in place to manage and assess the project.
- Questioned who set the agenda of inspections. – Mrs Phillips explained that the methodology is set by CQC, and that the County Council should not be marked down for areas of development if they have been identified and addressed in the action plan robustly.

35.7 The Committee thanked Mrs Phillips for her attendance and update on the project.

35.8 Mr Pitman, Head of Southern Internal Audit Partnership, introduced the report and confirmed that there had been a reduction of overdue actions. A review of purchase cards had been undertaken to consider spend across the organisation to enable a holistic review of risks and identify susceptible areas.

35.9 The Committee made comments including those that follow.

- Commented that workforce planning had been discussed at the September Performance and Finance Scrutiny Committee (PFSC) and would be due again in September 2023. – Mrs Eves resolved to share the PFSC report with the Committee and gave reassurance that the Executive Leadership Team were closely monitoring the issue alongside PFSC.
- Sought clarity on the findings of the procurement service review of contractor expenditure not aligned to contracts. – Mrs Eves confirmed that the audit findings had been noted and accepted. Officers were looking into procurement strategies and thresholds; and working to ensure everyone was aware of the requirements.
- Raised concerns on the findings that 14,000 purchase card transactions had not been approved by a manager. – Mrs Eves reported that there had been significant improvements made in the Children's Services directorate in this area. Officers were working to tidy the system and ensure accurate data was held for account holders. Cllr Hunt confirmed that this was a historic issue that covered a significant number of transactions.
- Queried the deadlines in the report and how extensions were managed for actions. – Mr Pitman highlighted that annex 2 of the report outlined all timescales. The dates were set by the officers responsible for their implementation. Through the progress report the Southern Internal Audit Partnership transparently relayed any changes to the original timescales agreed, with reasons for those of a high priority. It is within the gift of the Committee to hold officers to account if they are concerned that timescales for the implementation of management actions are unreasonably long.

- Asked if Internal Audit challenged deadline changes. – Mr Pitman explained that there was no significant challenge from Internal Audit, and that formal challenges should come from the Committee.
- The Committee raised concerns on the dates for working time directive and cyber security. – Mrs Eves commented that the significant issues for cyber security had been addressed and resolved to ensure dialogue was added to the next report for the Committee to consider. Mrs Eves also proposed that background information should be added to reports to explain where dates were a long way off.

35.10 Resolved – That the Committee notes the Internal Audit Progress Report (February 2023).

36. Internal Audit Plan 2023/24 (Q1)

36.1 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).

36.2 Mr Pitman introduced the report and explained that the Smartcore work will align with the new timetable.

36.3 The Committee made comments including those that follow.

- Queried how the quarterly planning approach allowed for long term strategy. – Mr Pitman explained that there was a background, whole audit view on all areas which was mapped against risk considerations.
- Discussed if it would be useful for the Committee to see the wider plan. – Mrs Eves explained that the Executive Leadership Team (ELT) worked to ensure necessary links with Internal Audit and risk. The Committee acknowledged that they regularly considered the Risk Register at every meeting.
- Sought clarity on the action for overtime. – Mr Pitman explained that the work was analysing the risk of overtime and the impact on staff retention.

36.4 Resolved – That the Committee approves the Internal Audit Plan 2023-24 (Q1).

37. Internal Audit Charter 2023/24

37.1 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).

37.2 Mr Pitman introduced the report and confirmed that agreement of the Charter was an annual task for ELT and the Committee. There had been no change in standards and so the Charter was essentially the same as the previous year's. The standards were currently under review and so the Charter would likely be different next year.

37.3 The Committee made comments including those that follow.

- Queried when the arrangements for Internal Audit were reviewed. – Mrs Eves confirmed that the Southern Internal Audit Partnership was working well and that there was no drive to look into alternative arrangements. County Council officers undertook annual surveys on the service received. Mr Pitman explained that the benefits to the partnership were the opportunities of being able to consider the work of wider local authorities.
- Cllr Hunt highlighted the Committee's role in raising matters of concern to Scrutiny Committees or Cabinet Members, and queried if this should be added to the Charter. – Mr Pitman proposed that this would be better placed as an addition to the Committee's Terms of Reference. The Committee agreed that this should be added. Mr Chisnall, Democratic Services Officer, explained that the change would need to be agreed at a Governance Committee and then onward approval at a County Council meeting.

37.4 Resolved – That the Committee:

- 1) Approves the Internal Audit Charter 2023-24
- 2) Agrees to make changes to the Committee's Terms of Reference where the Committee can raise matters of concern to Scrutiny Committees or Cabinet Members.

38. Quarterly Review of Corporate Risk Management

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

38.2 Mr Pake, Corporate Risk and Business Planning Manager, introduced the report and confirmed that no new risks had been added since the last meeting of the Committee. CR75 had been removed from the Risk Register and would now be monitored on the Fire Risk Register. CR73 was being updated and would be finalised by the next meeting of the Committee.

38.3 Resolved – That the Committee notes the information detailed in the report.

39. Work Programme 2023/24

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

39.2 Mr Chisnall introduced the programme and explained that the work plan looked to schedule all necessary items across the year, but the items could move between meetings if required. A provisional date had been added for November which would be utilised if required.

39.3 The Committee noted that there was an Internal Audit 'Fraud Plan' and also a 'Anti-Fraud' strategy and wondered if the titles should be aligned. – Mr Pitman agreed to look into this and proposed changing the Internal Audit paper to the 'Anti-Fraud Plan'.

39.4 The Committee queried where the Risk Management Strategy would be considered and felt that July could be a good time if timings allowed.

39.5 Resolved – that the Work Programme be approved.

40. Date of Next Meeting

40.1 The Committee noted that its next scheduled meeting would be held at 10.30 am on 17 July 2023 at County Hall, Chichester.

The meeting ended at 12.15 pm

Chairman

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**Key decision: Not applicable
Unrestricted**

Report to Regulation Audit & Accounts Committee

14 July 2023

Internal Audit Annual Report & Opinion 2022-23

Report by Director of Finance & Support Services /Head of Southern Internal Audit Partnership

Electoral division(s): Not applicable

Summary

The purpose of this paper is to provide the Regulation Audit & Accounts Committee with the annual audit opinion (2022-23) summarising internal audits opinion on the Council's framework of governance, risk and control.

Recommendations

- (1) That the Committee approve the annual audit report and opinion for the year ended 2022-23.

Proposal

1 Background and context

- 1.1 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.
- 1.2 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).
- 1.3 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 'reasonable'.

Risk	Mitigating Action (in place or planned)
There are risks associated with services not addressing key	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

Risk	Mitigating Action (in place or planned)
recommendations arising from the audit findings.	presented to ELT and each meeting of this Committee for monitoring to ensure that key risks are addressed in a timely manner.

Taryn Eves

Director of Finance and Support Services

Contact Officer: Neil Pitman, Head of Southern Internal Audit Partnership,

neil.pitman@hants.gov.uk

Appendices

Appendix A – Internal Audit Annual Report & Opinion 2022-23

Background papers

None



Southern Internal Audit Partnership

Assurance through excellence
and innovation

WEST SUSSEX COUNTY COUNCIL

Annual Internal Audit Report & Opinion 2022-2023

Prepared by: Neil Pitman, Head of Partnership

June 2023

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1. Role of Internal Audit

The Council is required by the Accounts and Audit (England) Regulations 2015, to

‘undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.’

In fulfilling this requirement, the Council should have regard to the Public Sector Internal Audit Standards (PSIAS), as the internal audit standards set for local government. In addition, the Statement on the Role of the Head of Internal Audit in Public Service Organisations issued by CIPFA sets out best practice and should be used to assess arrangements to drive up audit quality and governance arrangements.

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 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 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.

As the Chief Internal Auditor, I review the approach to each audit, considering the following key points:

- Level of assurance required.
- Significance of the objectives under review to the organisations' success.
- Risks inherent in the achievement of objectives.
- 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 Council on the framework of internal control, risk management and governance in operation and to stimulate improvement.



The Southern Internal Audit Partnership (SIAP) maintain an agile approach to audit, seeking to maximise efficiencies and effectiveness in balancing the time and resource commitments of our clients, with the necessity to provide comprehensive, compliant and value adding assurance.

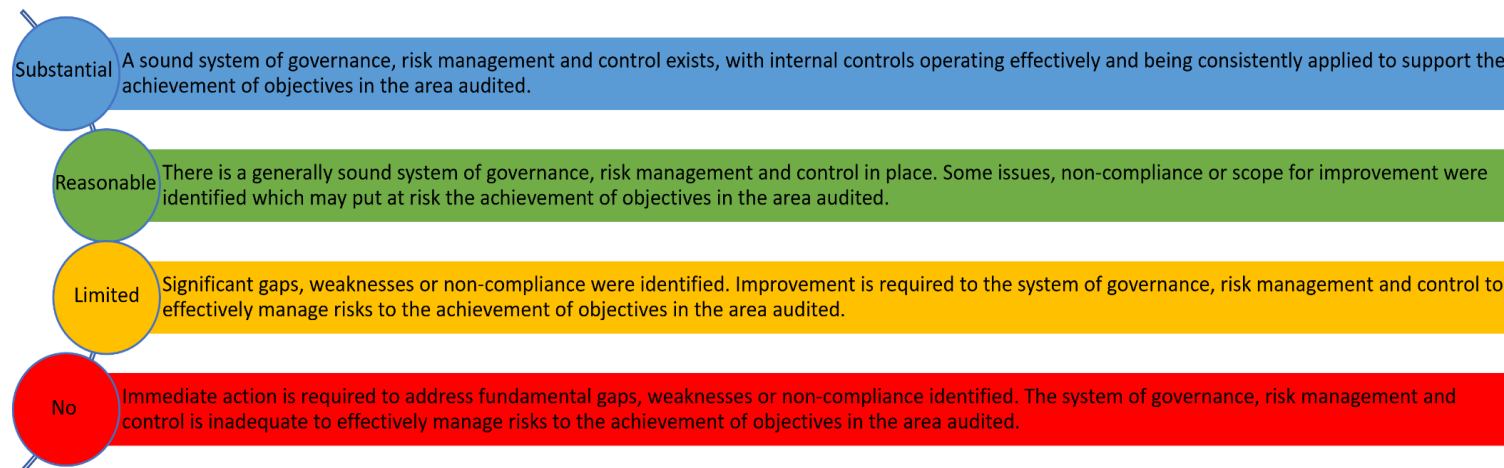
Working practices have been reviewed, modified and agreed with all partners and we have sought to optimise the use of virtual technologies to communicate with key contacts and in completion of our fieldwork. However, the need for site visits to complete elements of testing continues to be assessed and agreed on a case-by-case basis.

3. Internal Audit Coverage

The annual internal audit plan was prepared to take account of the characteristics and relative risks of the Council activities and to support the preparation of the Annual Governance Statement. Work has been planned and performed to obtain sufficient evidence to provide reasonable assurance that the internal control system is operating effectively.

The 2022-23 internal audit plan was considered by the Regulation, Audit and Accounts Committee periodically throughout 2022/23 to complement our approach to quarterly planning. It was informed by internal audit’s 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 and ensure that it continues to provide assurance, as required, over new or emerging challenges and risks that management need to consider, manage, and mitigate.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. The assurance opinions are categorised as follows:



4. Internal Audit Opinion

As Chief Internal Auditor, I am responsible for the delivery of an annual audit opinion and report that can be used by the Council to inform their annual governance statement. The annual opinion concludes on the overall adequacy and effectiveness of the organisations' 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;
- the quality and performance of the internal audit service and the extent of compliance with the Standards; and
- the proportion of the Council's audit need that has been covered within the period.

We enjoy an open and honest working relationship with the Council. Our planning discussions and risk-based approach to internal audit ensure that the internal audit plan includes areas of significance raised by management to ensure that ongoing organisational improvements can be achieved. I feel that the maturity of this relationship and the Council's effective use of internal audit has assisted in identifying and putting in place action to mitigate weaknesses impacting on organisational governance, risk, and control over the 2022-23 financial year.

Annual Internal Audit Opinion 2022-23

I am satisfied that sufficient assurance work has been carried out to allow me to form a conclusion on the adequacy and effectiveness of the internal control environment.

In my opinion frameworks of governance, risk management and management control are **reasonable** and audit testing has demonstrated controls to be working in practice.

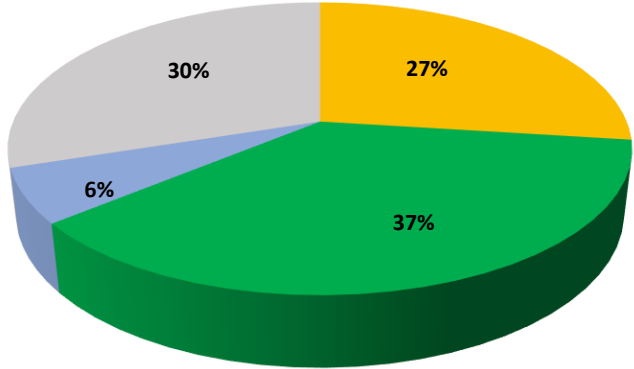
Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.

5. Governance, Risk Management & Control – Overview & Key Observations

Assurance opinions for 2022-23 reviews

Significant findings from our reviews have been reported to the Regulation, Audit and Accounts Committee throughout the year and a summary of the assurance opinions is outlined below.

Assurance Opinions



■ No ■ Limited ■ Reasonable ■ Substantial ■ N/A

**None of our audit reviews culminated in a 'No Assurance' opinion*

**N/A relates to mandatory reviews such as grant certifications and those areas were outcomes resulted in a Position Statement*

Governance

Governance arrangements are considered during the planning and scoping of each review and in most cases, the scope of our work includes overview of:

- the governance structure in place, including respective roles, responsibilities, and reporting arrangements.
- relevant policies and procedures to ensure that they are in line with requirements, regularly reviewed, approved, and appropriately publicised and accessible to officers and staff.

In addition, during 2022-23 we undertook reviews of Company Governance Framework and the Council's compliance with the requirements of the Regulation of Investigatory Powers Act 2000 (RIPA) both of which concluded in reasonable assurance opinions.

The review of the Company Governance Framework sought assurance that the setup of the joint venture partnership (West Sussex Property Development LLP) between WSCC through Ede's Estates Limited and Lovell Partnerships Ltd was supported by a robust governance framework. This was found to be well progressed with observations raised around the consolidation and completion of risk registers and the production of written financial and procurement procedures for Edes Estates.

The RIPA regulates the powers of public bodies to carry out surveillance and investigation and covers the interception of communications. The internal audit review of RIPA was commissioned in response to the findings within the Investigatory Powers Commissioner's Office (IPCO) inspection report, the outcomes of which were reported to the Regulation Audit & Accounts Committee on 18th July 2022.

Generally, the internal audit review found there to be well established process and compliance with the Act, however, observations were raised in respect of the maintenance and upkeep of training records and the transparency and regularity of policy review and reporting on the usage of RIPA powers to elected members in accordance with the Home Office Guidance on Covert Surveillance & Property Interference – Code of Practice.

Based on the work completed during the year and observations through our attendance at a variety of management and governance meetings, in our opinion the governance frameworks in place across the Council are robust, fit for purpose and subject to regular review. There is also appropriate reporting to the Regulation, Audit & Accounts Committee to provide the opportunity for independent consideration and challenge including the in-year update and review of the Annual Governance Statement.

Risk management

We last reviewed risk management arrangements in the Council in 2020/21 which resulted in a reasonable assurance opinion. The evidence obtained during the review demonstrated that risk management arrangements were sound, documented and embedded within the Council. A further review is being undertaken in Q1 of the 2023/24 internal audit plan.

In accordance with the constitution, the Regulation Audit & Accounts Committee play a key role ‘to monitor the effective development of risk management, including annually agreeing the Council’s risk approach as detailed in the Risk Management Strategy’. This has been supported through the Committees overview of the Risk Management Strategy and of the Risk Register which has featured as a regular agenda item throughout the year.

The risk register is a key document that is taken into account during the development of our risk based internal audit plan. The information in the risk register is taken into account when scoping each review in detail to ensure that our work is appropriately focussed.

Control

In general, internal audit work found there to be a sound control environment in place across the majority of review areas included in the 2022-23 plan that were working effectively to support the delivery of corporate objectives.

We generally found officers and staff to be aware of the importance of effective control frameworks, and open to our suggestion for improvements or enhancements where needed. Management actions agreed as a result of each review are monitored to completion to ensure that the identified risks and issues are addressed. The key areas of challenge identified or confirmed through our work are outlined below:

HR Policy Decision Making - Limited

This review focused on the processes in place for the authorisation and calculation of one-off payments such as settlement agreements, resettlement/removal expenses, mutual termination agreements, retention payments and loans to employees.

An absence of documentation inhibited our ability to provide assurance across a range of approval and settlement agreements requested in addition to signed declarations from employees accepting the terms and conditions associated with relocation expenses along with required receipts of expenditure incurred. The employee loans scheme requires loans to be approved by the Director of HR&OD and the relevant service director, however all five loans in the sample tested had been approved by an alternative officer.

Workforce Planning - Limited

Strategic Workforce Planning is the process of analysing, forecasting, and planning workforce supply and demand, assessing gaps, and determining interventions to ensure that the Council has the right people with the right skills in the right places at the right time to fulfil its strategic objectives. The Local Government Association has identified that over half of Councils report having workforce capacity issues that are likely to affect their ability to deliver services.

It was positive to observe that the HR function reports workforce recruitment pressures monthly to Directorates and to the management team quarterly and there is also evidence of reporting to members in discreet areas, as part of specific committee responsibilities. There was however no corporate Workforce Strategy in place. Additionally, with the exception of the Children Young People and Learning we found limited evidence of strategic workforce planning at a directorate level.

The Peoples Framework sign posted an action to develop a Workforce Planning Toolkit to provide a consistent and corporate direction for Strategic Planning and to provide additional assurance that organisational responses are consistently considered and documented. This has yet to be realised.

The risks associated with recruitment and retention are well documented in the Council's risk management system, however there is currently no corporate reporting in place to establish whether mitigations are effective in managing / reducing the risk to the Council.

Procurement Sub £100k - Limited

It was reassuring to observe that corporate guidance, such as 'Standing Orders on Procurement and Contracts' and the accompanying 'Guide to the County Council's Standing Orders on Procurement and Contracts' were up to date and available on the Authority webpages.

It was also positive to note a high level of compliance for those areas where contracts were in place with regard the completion and authorisation of waivers, evaluation of tenders, and retention and storage of contracts.

However, the current financial system (SAP) does not easily associate external third party spend with a specific contract, and therefore establish accurate compliance with the Council's rules. This deficiency in the current system is planned to be addressed with the implementation of the new financial system.

Data analytics was used to assess 2021 purchase order (PO) expenditure data held within the Council's financial system. Analysis established that £26m of spend (992 suppliers) related to expenditure with a supplier between the values of £5k to £100k. Of that total £11.1m (515 suppliers) could not be aligned to a known contract where a contract could reasonably be expected based on the services provided.

The officers responsible for the procurements across the Council were sought for 295 (57%) of the 515 suppliers. From this we established 206 (70%) with a total value of £4.1m did not have a valid current contract for the services / products provided.

The WSCC Procurement Strategy sets the framework in which the Council will work to ensure that procurement delivers value for money across all services and directly contributes to the achievement of its strategic goals. This strategy ran for a three-year period between 2019-21 and contains key performance indicator information for 2019/20 and 2020/21. It has not been updated since. The Strategy also states that Category (Resources, Places, etc.) strategies were aimed to be launched in 2019/20 and monitored / evaluated (through benefit realisation) from 2020/21. We were unable to evidence any current Category Strategies being in place.

Capital Project Delivery (Education) - Limited

Education projects contribute towards many of the broader strategic objectives outlined in the Council Plan. The internal audit review during the year covered projects from their inception through to the early stages of the projects' delivery phase.

Whilst there were clear expectations with regard documentation required to be completed to support projects, including Strategic Outline Cases, Benefits Maps, Change Request Forms etc. these were not routinely evident for the sample of projects reviewed.

There was no universally agreed method for benchmarking project costs when the business cases were being scrutinised at Asset & Investment Hub (HUB)/ Education Capital Programme Board (EPB)/ Capital Asset Board (CAB). One method being used suggests higher cost to comparable projects and we could not obtain evidential challenge to these benchmarks as part of the minuted review of business cases, despite these projects being recommended for delivery.

There was confusion between stakeholders as to what works were expected to be included in some projects reviewed, and a lack of early liaison between key internal departments at the Council.

Children's Care Placements - Limited

The purpose of the audit was to review the arrangements for commissioning of residential places for children under 16, including guidance and processes in place to ensure suitable compliant provision and value for money. There was a total of 862 children looked after, including 'Asylum' and 'Child Disability' at the time of our review.

The Council's Corporate Risk Register recognised the risk of governments stipulation that from 9 September 2021 children in care under 16 will not be allowed to be accommodated in unregistered placements, which has strengthened existing regulations that stipulate that all children and young people who require foster or residential care must be placed within registered providers.

Positively, placements to unregistered providers require approval from the Director of Children Young People and Learning through completion of a 'Notice of Unregistered Placement' to Ofsted which was confirmed through testing.

However, there was some ambiguity and inconsistent practice in the use of 'Individual Placement Agreements' between the Council and the Provider for a number of placements reviewed.

The Entry to Care Panel Terms of Reference outline a range of expected processes regarding referrals and completion of both Mosaic and associated documentation. However, testing highlighted a high level of non-compliance within the sample tested. Additionally, from sample testing it was noted that the frequency of oversight, recording and content of case notes was inconsistent.

Review of Care Referral UNDER 16 Forms and Child Looked After Plans highlighted forms to be incomplete and documentation or supporting evidence could not be located in Mosaic.

Contract Management (Advocacy Services, Essex Carers, Contract Management Thematic) - Limited

We reviewed a range of contract management arrangements over the course of the year with mixed outcomes.

Review of the XMA Contract (provision of front-line IT Service desk, device build and desktop support for users), NEC4 Term Service Contract (Highways Professional Consultancy Services), Provision of Cleaning Materials and Equipment, and the Recycling Waste Handling Contract provided assurance to support a reasonable framework of governance, risk, and control.

However, reviews of contract arrangements for Advocacy Services, Reablement Services, Care Home Framework Agreement within Adults, and the Children's Placements & Other Support Services (CPOSS) Category 3 contract for Independent Foster Homes Agency (IFA) Dynamic Purchasing System (DPS) within Children's highlighted a number of weaknesses in the following areas:

- Performance measurement is not in accordance with the contractual expectations / requirements.
- Incompleteness and retention of documentation to support effective management of the contract.
- Variations to the contract unsupported by necessary documentation or evidence of appropriate authorisation.
- Management and awareness of contract variations or clauses to optimise value for money for the Council or clients / residents.
- Absence of contract risk logs.
- On-going due diligence of the provider to ensure continued financial strength, insurance certifications, employee checks etc.
- gaps identified with the processes the service-based contract management teams are following to obtain assurance from other departments within their directorates that the services are being provided in line with contractual expectations.

It is important to note that this list is a combination of issues identified and not all relate to each contract reviewed.

Adults Income - Limited

The review sought assurance of the end-to-end process for financial assessments from identifying user needs through to management reporting.

Delays above the 20 day threshold to complete the financial assessment process were evident for the majority of cases sampled a contributory factor being the difficulty of obtaining information from customers or their representatives. Additionally, there were several examples where the customer or their representative had not returned the documentation required to acknowledge and confirm they may be liable for a charge toward the cost of care provision.

Quality assurance checking has been implemented within financial assessments team from late 2021. However, there were several gaps present with some of the required checks not being completed. Additional focus was placed on assessments where Disability Related Expenditure (DRE) was a consideration, this was related to the outcome of 'SH v Norfolk County Council 2020 (CO/1640/2020)', however, in-depth analysis was not possible due to reporting limitations from the MOSAIC system.

Direct Payments (Adults) - Limited

Direct Payments enable clients to arrange and pay for their own social care support and can be made either by prepaid cards or directly to a bank account. There are approximately 1,500 Adult Services clients receiving a direct payment.

It was found that six-month reviews following a Direct Payment Agreement and subsequent annual review of the client's needs and payment calculation had been delayed or had not taken place for many clients. This is an arrears situation that has been recognised by the service and dedicated teams have been assigned to address this. At the time of testing (October 2022), performance data identified 140 long term direct payment clients of which an annual review was overdue for 60. An assessment of the performance reporting data available revealed that the Authority is not able to quantify the number of Direct Payment clients that are overdue for the six-monthly initial review.

For clients that receive a payment direct to their bank account, there were a number not submitting bank account statements on a monthly basis in accordance with the Direct Payment Agreement. Analysis of the bank statements (April 2022) confirmed they had not been received for 319 clients. Therefore, the Authority is unable to monitor client bank accounts to ensure that a surplus of Direct Payment has not accumulated.

A process to contact the client requesting bank statements that have not been submitted has been implemented, however there remains a high percentage (43%) that have yet to be contacted.

Analysis highlighted that for 36 clients that had a calculated surplus of over £10,000, evidence of notifications informing Adults Services had been recorded in MOSAIC, however the surplus balance has remained.

Adults – CQC Readiness - Limited

In preparation for CQC inspection in 2023/24 the service has undertaken a range of self-assessments to determine their compliance with the 22 Chapters of Part 1 of the Care Act 2014. The task to map and assess service compliance was extensive, resource intensive and was being undertaken alongside business-as-usual operations. Whilst staff across the directorate were working incredibly hard to complete the project, capacity has been a limiting factor in providing the required level of assurance.

During the year internal audit reviewed five of the self-assessments completed (Care and Support Planning, Information & Advice, Promoting Wellbeing, Advocacy, Transitions) to constructively challenge assumptions of assurance and compliance.

From our review we provided a limited assurance in three of those five areas (Care and Support Planning, Advocacy, and Transitions).

Common themes from our reviews included:

- Numerous occasions where information documented did not provide the levels of assurance required to demonstrate the service met the Care Act requirements significantly impacting the perceived position from the self-assessment exercise.
- There were further occasions where some of the instructive and directive 'musts' and 'shoulds' were not captured in the self-assessment.
- Updates were provided to the heads of service who attend the Performance, Quality and Practice (PQP) Board on a bi-monthly basis, however, there was no regular reporting to members on the position regarding the authority's preparedness for CQC inspection.

In addition, internal audit also undertook a review of the governance framework to support CQC Action and Improvement Plan developed to address actions derived from the self-assessment process. Whilst a reasonable assurance opinion was provided on the framework in place this should not be interpreted as an assurance that all actions within the improvement plan had been addressed.

SureCloud Health Checks & Vulnerability Management Group – Limited (Draft)

The purpose of the audit was to assess the effectiveness of SureCloud Health Checks and the Vulnerability Management Group's ability to effectively identify and remediate IT security vulnerabilities. The Vulnerability Management Group were found to include a well informed membership with effective networks and access to cyber security intelligence from multiple sources.

Of twenty-two new servers built within the previous twelve months a sample of twelve were selected for the purposes of audit testing. From those selected, eight were subject to Nessus vulnerability scans however four were not scanned before go-live. Of the eight scanned servers, four were found to have vulnerabilities with a score of 8.4 (High) or above and had gone live without the vulnerabilities being addressed. There was no formalised process in place to ensure the scanning of servers for vulnerabilities before go live, to record the scanning of new build servers or to track and ensure that any identified vulnerabilities are remediated before servers are commissioned.

The Vulnerability Management Group (VMG) terms of reference document does not record who chairs the groups, does not include any escalation paths and does not state how frequently the group meets. Review of the Vulnerability Management Group minutes showed that during the seven-month period between May to November 2022 only three meetings took place.

SEND Strategy - Limited (Draft)

The WSCC SEND and Inclusion Strategy 2019-2024 was approved by the Cabinet Member for Education & Skills in December 2019. The Area SEND inspections: framework and handbook - GOV.UK was published on 29th November 2022. There is an expectation that WSCC will be inspected in the near future. The Assistant Director for Education commissioned this review to gain assurance that there was a clear understanding within WSCC as to where the West Sussex Partnership is positioned with reference to the criteria set out in the framework.

Although at the time the Strategy was approved in 2019 there was a high-level implementation plan to show how key actions supporting the three priorities would be progressed, there is no current up to date resourced plan in place to implement the strategy/achieve the targets set.

The terms of reference that underpin the forum/ board to support the lived experience of children/young people and their families had not been reviewed since 2019.

Accurate and complete data to confirm the number of children/students with EHCPs or the number of EHCPs the Council is financially responsible for is not available from Mosaic. It was noted that EHCNA data and mitigating actions are regularly discussed by the Strategy Board and this continues to be an area of significant challenge. The ongoing action for a SEND place planning and forecasting model and resource has yet to be realised.

Although performance monitoring arrangements and key performance indicators for independent SEND providers are included in the dynamic purchasing system agreement there is no regular reporting of performance against KPIs. The invitation to participate in the Children's Placement & Other Support Services Agreement includes due diligence checks including GDPR, Financial and Economic Standing and Insurance. There has been no ongoing financial due diligence although annual financial checks are planned from this year.

Management actions

Where our work identified risks that we considered fell outside the parameters acceptable to the Council, we agreed appropriate corrective actions and a timescale for improvement with the responsible managers.

Progress is reported to the Regulation Audit & Accounts Committee throughout the year through the quarterly internal audit progress reports.

6. Anti-Fraud and anti-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 / Irregularity 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 Strategy & Response Plan. During the year the Southern Internal Audit Partnership were engaged in seven reactive fraud & irregularity investigations relating to use of procurement cards (1), school mandate fraud (3), grants (1) and care providers (2), however, none were of a material nature (< £12k).

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.

Data was uploaded in October 2022 and match reports across pensions, payroll, blue badges, concessionary travel, creditors, VAT, and Companies House were released from January 2023 onwards. All high priority matches have been risk assessed and action taken to commence investigation where appropriate.

Proactive Approach - Whilst our reactive fraud work 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:

- Advice and guidance were provided across approx. 60 enquiries. The common themes continue to relate to email scams (mandate fraud, malware, impersonation and spoof emails), with schools being particularly targeted.
- We have issued a number of fraud awareness bulletins during the course of the year. Key themes covered have included mandate fraud, social engineering and procurement cards.
- Two themed proactive review were undertaken during the year in relation to procurement cards and payroll expenses. The results of each review are collated into summary reports identifying any potential exposure to fraud risks. The procurement card report has been issued and the payroll expenses report is being prepared.

Procurement Cards (Pcards)

Pcards provide a convenient and cost-effective option for low value transactions, however, the increasing number of pcards in circulation coupled with the value and volume of spend also presents an increased risk of fraud and misuse.

Audit analysis covered the use of purchasing cards (pcards) by West Sussex County Council employees between July 2019 and June 2022 during which time spend totalled £11.3M over 104,000 pcard transactions across 1,172 pcards.

There were found to be controls in place which, if operating would reduce the risk of fraud or identify where fraud may have occurred, however, most of the controls were detective rather than preventative. It is therefore key that these retrospective checks are as comprehensive, informed and timely as possible.

The Council has been focusing on a compliance regime relating to pcards with mechanisms in place to chase reviewers and approvers to ensure transactions go through the due process. Whilst this has seen card holder review rates remain high, the manager approval rates are a significant area of concern with analytics confirming that £1,630,901 (14.45%) of the spend during the period of review (in excess of 14,000 transactions) were not approved by a manger.

Further, there are examples within the analytics that show key expectations of the approvers oversight have not been in accordance with the policy (for example poor / generic descriptions and no receipts uploaded), however, the spend has been approved. Of the £9,647,830 that had been approved £1,385,443 over 7,821 transactions were done so in the absence of any uploaded receipts to enable due diligence over spend.

There are fraud risks linked with the set up and removal of cardholders. Our analytics identified there were 15 active pcards where the employee has left their role at the Council. It also identified 10 card holders where they have changed role in the period reviewed, the application form suggests the card is assigned to a specific role and should be surrendered if this role changes.

There are 11 approvers that oversee 10-25 card holders. The spend across these cards totalled £641,000 across 7,343 transactions. This span of control for approvers would make robust oversight of transactions difficult to maintain.

There were examples where card holders had continued to use their pcards whilst absent from work (sickness etc) or on annual leave. Where an employee uses their card whilst they are not working there is an increased fraud risk that it has been used for personal use rather than work related purposes. It could also mean that the card has been shared with colleagues in their absence, which would be in contravention of the pcard scheme.

Over £159,000 were transactions via PayPal or other third-party payment providers spread across 971 transactions. These types of payments have been the subject to fraud investigations and are a mechanism where the payment can be disguised to appear like it is work related but offer limited visibility on what or who received the payment unless the receipt is provided. For over half (54%) of the transactions through these payment providers, a receipt had not been uploaded to the RBS system and therefore the approver would not have had sufficient details to be able scrutinise the transaction.

There was a significant amount of spend through suppliers where there are corporate contracts in place and where the guidance says spend is not permitted. This includes spend on IT equipment, agency staff, stationery, travel / accommodation, and consultancy services.

7. Quality Assurance and Improvement

The Standards require the Head of the Southern Internal Audit Partnership to develop and maintain a Quality Assurance and Improvement Programme (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 provision for 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 2020. In considering all sources of evidence the external assessment team concluded:

'The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles. It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles. We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN). We are pleased to report that SIAP conform with all relevant, associated elements.'

8. Disclosure of Non-Conformance

There are no disclosures of Non-Conformance to report. In accordance with Public Sector Internal Audit Standard 1312 [External Assessments], I can confirm through 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'.

9. Quality Control

Our aim is to provide a service that remains responsive to the needs of the Council and maintains consistently high standards. In complementing the QAIP this was achieved in 2022-23 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.
- An internal quality assessment against the IPPF, PSIAS & LGAN to support the 2020 independent external assessment.

10. Internal Audit Performance

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

Performance Indicator	Target	Actual
Percentage of internal audit plan delivered (<i>to draft report</i>)	95%	95%
Positive customer survey response		
● West Sussex County Council	90%	97%
● SIAP – all Partners	90%	99%
Public Sector Internal Audit Standards	Compliant	Compliant

Customer satisfaction is an assessment of responses to questionnaires issued to a wide range of stakeholders including members, senior officers and key contacts involved in the audit process (survey date April 2023).

11. Acknowledgement

I would like to take this opportunity to thank all those staff throughout the 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

Annex 1

Summary of Assurance Reviews Completed 2022-23

Substantial A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

- Capita Contract
- XMA Contract Delivery
- Smarter Working – Programme & Project Management

Reasonable There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

- | | | |
|--|---|---|
| <ul style="list-style-type: none"> • Accounts Receivable • Payment to Providers (Hospital Discharge Pathway) • Local Energy Communities for the 2 Seas Region • Company Governance Framework • Use of Agency Staff • RIPA • Unaccompanied Asylum-Seeking Children (Draft) | <ul style="list-style-type: none"> • Information & Advice - CQC • Promoting Wellbeing - CQC • Medicine Control – Adults Thematic • Grenfell Tower – Action Plan • Assurance Mapping – Adult Services • WSFRS – Safe & Well – Follow Up (Draft) • Software Development & Management (Draft) | <ul style="list-style-type: none"> • CQC Action / Improvement Plan • Foster Care Payments • Payroll • WSFRS - Overtime & TOIL • Accounts Payable • School Building Upkeep & Maintenance (Draft) |
|--|---|---|

Limited Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

- | | |
|--|---|
| <ul style="list-style-type: none"> • Adults Income • Capital Project Delivery (Education) • HR Policy Decision Making • Advocacy (Contract Management) • Direct Payments • Workforce Planning • Procurement ((Sub £100k) • Care & Support Planning – CQC | <ul style="list-style-type: none"> • Advocacy – CQC • Transitions – CQC • Assurance Mapping – Adult Services • Children’s Care Placements • SEND Strategy (Draft) • SureCloud Health Checks & Vulnerability Management (Draft) • Contract Management (Draft) |
|--|---|

No Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

None

*Two reviews (SmartCore and Joint Fire Control) have been drafted; however, we are awaiting factual accuracy prior to reporting, and three reviews (Pension Fund Processes, Children’s Transitions and Homes for Ukraine) remain work in progress. All will be reported as part of the next progress report to the Regulation Audit & Accounts Committee. The status of these reviews has not inhibited my ability to provide an overall opinion on the County Council’s framework of governance, risk and control.

**Key decision: Not applicable
Unrestricted**

Report to Regulation, Audit and Accounts Committee

14 July 2023

Response To Annual Internal Audit Report and Opinion 2022/23

Report by Director of Finance and Support Services

Summary

This Committee has responsibility for oversight of the Council's Internal Audit Function. During the year, the committee receive quarterly update on progress with audit reviews undertaken in the year and at the end of the year an overall Annual Internal Audit Report and Opinion.

The full Annual Internal Audit Report and Opinion for 2022/23 is included as a separate report. Overall, the County Council has been given a 'reasonable' opinion for its frameworks of governance, risk management and management control. This recognises the good progress that has been made against the implementation of the outcome of the 'Good Governance Review' that took place in 2020/21.

However, during 2022/23, fifteen reviews received 'limited assurance'. Each year, some reviews would be expected to receive this assurance level and demonstrates that the audit plan is robust and investigating the areas where there are concerns and services are demonstrating openness and transparency on areas of concern and using the outcome of the internal audit reviews as a tool for improvements.

The focus of this report is to provide an update by the Director of Finance and Support Services on the reviews that received 'limited assurance' in the year and to report progress on addressing the findings of the audit reviews and an update on the management actions. Progress varies from fully implemented management actions to those where progress has been made but actions are partially achieved.

Recommendations

- (1) The Committee is asked to review the information detailed in the report and provide comment, as necessary.

Background and Context

- 1.1 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 of risk management, control and governance, in support of the objectives of the Council.

- 1.2 The annual audit plan is prepared to take into account key areas of risk and was approved by the Regulation, Audit & Accounts Committee (RAAC) and delivered in accordance with the Public Sector Internal Audit Standards (PSIAS).
- 1.3 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 'reasonable'.
- 1.4 However, there were fifteen reviews in the year which received 'limited assurance'. Progress against the recommendations is set out in this report which should be read alongside the separate report on the agenda – 'Annual Internal Audit Report and Opinion'.

Progress Against 'Limited Assurance' Reviews

- 2.1 A summary of the audit findings can be found in the Annual Internal Audit Report and Opinion (separate report on the agenda). Progress is set out in the following section.

HR Policy Decision Making

- 2.2 Two of the outstanding actions relate to the review of process and documentation of the employee loan scheme. The scheme as audited is no longer used and is in the process of being replaced by a scheme that provides loans only in cases of hardship. In the interim, a small number of hardship loans have been approved to support overseas recruitment and the form in use for these purposes accommodates the concerns raised by the audit. Once the new hardship loan scheme is finalised, the associated process and documentation will be further reviewed to ensure the audit recommendations are reflected.
- 2.3 There are three recommendations for the documentation and process relating to the relocation expenses which have been difficult to progress with other priorities of the service and are due to be completed by the end of July 2023.

Workforce Planning

- 2.4 There were two key management actions resulting from this audit review.
 - Establish a WSCC-wide workforce plan identifying key priorities and challenges
- 2.5 This action is focused on the identification of internal and external (where known) factors that may have an impact on capacity and capability within the County Council. Activity to identify these issues is progressing

well. Some cross cutting factors and some less immediately clear drivers of change need further work to understand, valid and explore potential impacts and therefore the analysis has taken longer than initially anticipated. Some further work is also required on the workforce data that will enable validation of the priority issues. This work will be taking place during July 2023 and will include a review by ELT.

- Develop plans for other recruitment and retention priorities
- 2.6 The focus of this action is the use of forecasting approaches to identify potential capacity shortfalls to inform action planning for roles where recruitment and retention is particularly challenging. Progress is being made in this area however, further work is required on the supporting data to populate the model. It is anticipated that the model can be established for some hard to fill roles by 31 July 2023 and further roles by 31 August 2023.

Procurement (less than £100,000)

- 2.7 This audit covered the procurement activity undertaken by officers and managers within Directorates across the Council, as defined in 'WSCC Standing Orders on Procurement & Contracts'.
- 2.8 Good progress has been made against the findings of the audit review. There is now additional planned engagement with services (which includes at DLTs with Quarterly reporting of Contract non-compliance) to communicate and support with the County Council's procurement governance and awareness of Standing Orders and related processes. This is expected to be further strengthened through the implementation of Oracle Fusion which will enable the service to more specifically address and drive buying behaviours, authorisations and standardised controls.
- 2.9 Development of improved and targeted induction and Procurement and Contract Management awareness training materials are in progress and will be deployed for all staff involved in spending public money.
- 2.10 The current Procurement Strategy is for the period 2019 to 2021. A review is underway and the revised strategy will be published in Autumn/Winter 2023 and will reflect the changes to procurement business processes across the Council in line with the Procurement Reform and other Government guidance.

Capital Project Delivery (Education)

- 2.11 The education capital delivery is a significant programme of work which is crucial in supporting the mitigation of SEND High Needs Block spending. It is also the vehicle for the delivery of place planning and the provision of places based on both basic need in existing schools and the development of new schools. There are risks related to the timetabling of the programme and competing demands across the Council.

- 2.12 The benchmarking of the cost of new schools remains an issue for development to ensure value for money. In some cases, costs have risen in projects due to the current climate in the construction sector which is being seen across many capital projects and this is now taken into consideration at the start of the project and its costings.
- 2.13 The Education Programme Board will review and scrutinise all projects, their costs and scope and with the use of benchmarking.

Contract management

- 2.14 This audit covered the procurement activity undertaken by officers and managers within Directorates across the Council, as defined in 'WSCC Standing Orders on Procurement & Contracts'. Many of the actions following the Procurement (less than £100k) review are also relevant to this audit, including planned engagement with services, induction and training materials and awareness of procurement governance processes and requirements.
- 2.15 Work is also under way to develop a complete contracts register and strengthen the role of Procurement Board in the procurement governance process.
- 2.16 In relation to the contracts within Adult Social Care which were considered as part of this review, good progress is being made to address the findings of the audit review. The restructure of the commissioning team will support the focus on specific contract areas with clear lead officer accountability.
- 2.17 The new People and Communities Workforce Development Plan will support the development of a consistent approach to the management of contracts as part of the commissioning cycle.

Children's Care Placements

- 2.18 The internal audit report identified weaknesses in the contract management for Category 3 of the CPOSS DPS (Independent Fostering Agencies). The team responsible for the contract management of this DPS has been redesigned and a new service structure was implemented in January 2023. Practice and process has and continues to strengthen, and is monitored weekly by the newly appointed Head of Service. A new quality assurance framework is placing greater emphasis on contractual performance monitoring, reviews and due diligence checks with improvements to reporting. This includes exception reporting for the Children's Services management team from July 2023.
- 2.19 It was recognised in the audit report that where the council procures placements for our children outside of the established local, regional and national frameworks, that historically there has been limited use of formal contractual agreements and a lack of a standardised approach. This has been addressed and a new governance process designed with a planned

go live of the 1 July 2023. This will result in all off-list providers being required to accept and sign an individual placement agreement (IPA) which will clearly set out a formal agreement in relation to the outcomes expected for the child and associated expenditure.

- 2.20 In terms of entry to care, recent learning from audit activity has informed a series of remedial actions that have and continue to strengthen the practice and process when a child enters the care of the County Council. The process shortfalls and required recording practice around the authorisation and confirmation of placements, across commissioning and the operational teams has been addressed and is being monitored weekly by the respective Heads of Service and Assistant Directors to ensure compliance and sustained improvement.

Adults Income

- 2.21 Performance is currently below the expected levels for the processing of financial assessments and in 2022/23 the target processing time of 20 days was not met. Good progress is being made in addressing the current backlog with the support of a third party provider and it is expected that assessments overdue for 2022/23 will be completed by the Autumn. For new cases received after April 2023, performance on the timeliness of processing has improved.
- 2.22 Improvements to the system and access to management reporting is being addressed. A review of processes within financial operations is underway which will map processes from point of financial assessment to income collection and where appropriate debt recovery. The improvements needed are expected to improve the timeliness of processing financial assessments and customer experience of the process.

Direct Payments

- 2.23 Good progress is being made to address the findings of the audit review. The overall approach and improvements needed in direct payment processes will be delivered by both the improvements in the adult's income work (see above) and the adult social care improvement programme.
- 2.24 This is a priority area for improvement for adult social care and is a key element in the councils Adult Social Care Strategy.

CQC Preparedness

- 2.25 The audit reviews undertaken in this area have been a key part of the early preparedness of the council's self-assessment report for CQC assurance. The actions and recommendations have all been completed and will form part of the self-assessment due to be published from August 2023. A further discussion is planned at Health and Adult Social Care Scrutiny Committee and will be a topic of a future Member development session.

SureCloud Health Checks & Vulnerability Management Group

- 2.26 The introduction of a Vulnerability Management Group within IT Services was implemented in 2022, acting as an additional facet in the Council's wider multi-tiered approach to Cyber Security.
- 2.27 The audit observations demonstrated some process weaknesses that have since been rectified through a review and update of process, documentation, and routine meeting scheduling.
- 2.28 Additionally, the service has instigated a review of resourcing in this area with the intent to revise the operating model and increase capacity.

SEND Strategy (Draft)

- 2.29 The internal audit review highlighted the risks relating to the system issues supporting this service and in particular the alignment between systems - mosaic and synergy. The delay in payments has been under review and is being actively addressed through the Better Use of Technology Board within the Department.
- 2.30 To maintain the system for the medium term the service has adopted the mosaic system which is now being implemented by the service and processes are being put in place to manage the payments issues to ensure that data held on Mosaic is aligned to the financial data systems. Any risks related to this are monitored regularly within the Better use of Technology Board on a bi-monthly basis and mitigated as appropriate.

3 Risk Implications and Mitigations

Risk	Mitigating Action
Services not addressing key management actions arising from the audit findings	Good progress has been made but follow up will be undertaken to ensure that agreed management actions from the audit reviews have been implemented. A report detailing progress will be presented to RAAC by the Director of Finance and Support Services at each meeting.

Taryn Eves
Director of Finance and Support Services

Background Papers

None

**Key decision: Not applicable
Unrestricted**

Report to Regulation Audit & Accounts Committee

14 July 2023

Internal Audit Plan 2023-24 (Q2)

Report by Director of Finance & Support Services /Head of Southern Internal Audit Partnership

Electoral division(s): Not applicable

Summary

The purpose of this paper is to provide the Regulation Audit & Accounts Committee with an overview of the Internal Audit Plan 2023 – 2024 (Q2) (Appendix A).

Recommendations

- (1) That the Committee approve the Internal Audit Plan 2023-24 (Q2) as attached.

Proposal

1 Background and context

- 1.1 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.
- 1.2 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.
- 1.3 As previously reported, the Southern Internal Audit Partnership have adapted their processes to approach planning on a quarterly basis to ensure internal audit focus remains aligned to the rapidly changing risks and priorities of the organisation.
- 1.4 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.

Agenda Item 6

- 1.5 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.

2 Risk implications and mitigations

Risk	Mitigating Action (in place or planned)
Internal Audit Plan not delivered inhibiting the production of an annual opinion in accordance with the Accounts & Audit Regulations 2015 and accompanying guidance (PSIAS)	The proposed Internal Audit Plan is approved by ELT and RAAC. A regular progress report is presented to ELT and RAAC to monitor progress against the plan. As detailed within the Internal Audit Charter the CIA will notify ELT and RAAC if in their opinion they are in any way inhibited in carrying out assurance work.

Taryn Eves

Director of Finance and Support Services

Contact Officer: Neil Pitman, Head of Southern Internal Audit Partnership,

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Appendices

Appendix A – Internal Audit Plan 2023-24 (Q2)

Background papers

None



Southern Internal Audit Partnership

Assurance through excellence
and innovation

WEST SUSSEX COUNTY COUNCIL INTERNAL AUDIT PLAN 2023-24 (Q2)

Prepared by: Neil Pitman, Head of Partnership

June 2023

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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 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 2020 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:

'The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles. It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles.'

We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN). We are pleased to report that SIAP conform with all relevant, associated elements.'

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.

West Sussex County Council – Our Council Plan 2021 – 2025

In the development of the Our Council Plan, West Sussex County Council have recognised it needs to operate in a different context to that prior to the COVID-19 pandemic and have responded by building a new model of priorities for the next four years and beyond.

Our Council Plan acts as a framework for the Council to operate in a way that means they are clear on what they want to achieve and what they will do to achieve their priorities, but we are flexible to respond to whatever comes our way.



This plan sets out where the Council will focus its efforts over the next four years. It is set out and organised around four priorities with an underpinning theme of climate change.

- **Keeping people safe from vulnerable situations**
- **A sustainable and prosperous economy**
- **Helping people and communities to fulfil their potential**
- **Making the best use of resources**

The priorities are underpinned by a range of 'outcomes' of things they will aim to achieve for people who live and work in the county and 'key performance indicators and targets to measure their progress and impact in achieving their stated outcomes.

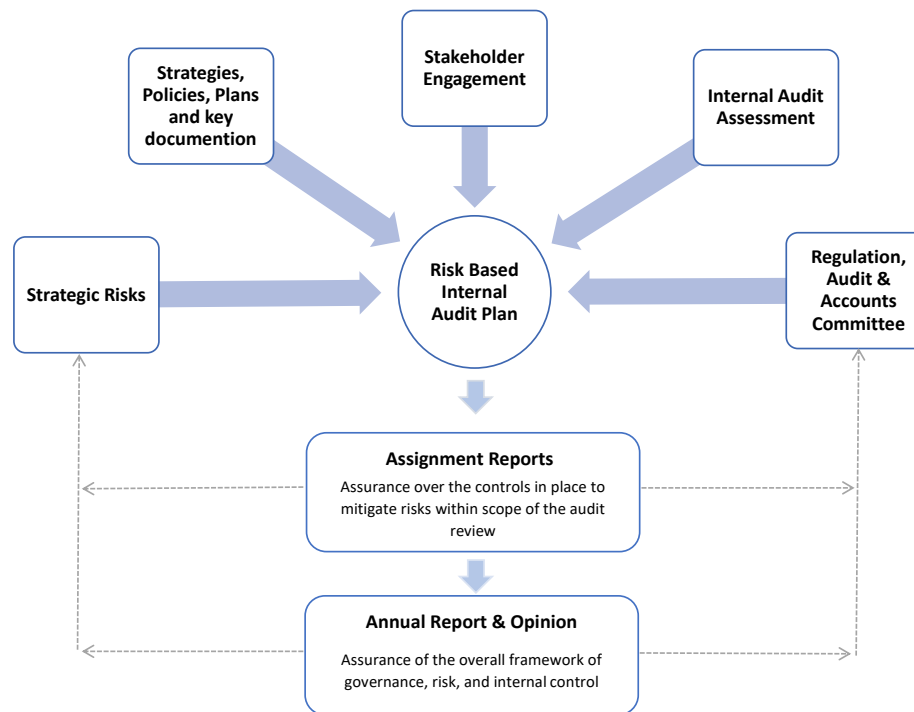
Developing the internal audit plan 2023/24

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.

Audit planning is a perpetual process throughout the course of the year to ensure we are able to react to new and emerging risks and the changing needs of the organisation.

To ensure internal audit focus remains timely and relevant the Southern Internal Audit Partnership has moved to a quarterly planning process.

Based on conversations with key stakeholders, review of risk registers, key corporate documents and our understanding of the organisation, the Southern Internal Audit Partnership have developed a plan of proposed internal audit coverage during quarter 1.



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.

Internal Audit Plan 2023-24 (Q2)

Audit	Directorate Sponsor	Scope/ Risk	Corporate/ Directorate Risk	Quarter
Governance				
Corporate Complaints	DL&A	Assurance over collation, distribution, timeliness, compliance, and governance with corporate complaints processes.	CR7	Q1
Right to Work process	DHR/OD	Review the right to work process for compliance considering ongoing staffing challenges and increased international recruitment.	CR11	Q1
Contract Management (Thematic)	DA&H	Assurance on the deliverables of a selection of key contracts and the effectiveness of contract management arrangements (focus within Public Health)		Q1
Risk Management	DFSS	To review the risk management framework, to include escalation and de-escalation of risks and the effectiveness of risk controls / actions to mitigate identified risks.		Q1
Ethical Governance	DL&A	In accordance with PSIAS (2110.A1) to evaluate the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities. To focus on assertions within the AGS.		Q2
Ill Health Retirements	DHR/OD	Commissioned by DHR/OD – scope TBC		Q2
Public Consultations	DL&A	To ensure the effectiveness and compliance with the mandatory requirements of engagement with key stakeholders in the consultation of key decisions and initiatives.		Q2

Audit	Directorate Sponsor	Scope/ Risk	Corporate/ Directorate Risk	Quarter
Keeping people safe from vulnerable situations				
Ball Tree Croft (residential care home)	DA&H	Review of internal processes to provide assurance over key elements e.g., cash handling / client money / security		Q1
Financial Adult Safeguarding Team (FAST)	DF&SS	To provide assurance on the framework of control to support the delivery of key functions including the management of client affairs.		Q2
High Value Placement - Adults	DA&H	Review of high value placements to include award, review and procurement of care provision		Q2
Supporting Families – Quality Assurance	DCYP&L	Following the implementation of a new system software, to review the quality assurance processes in place for supporting families		Q2
A sustainable and prosperous economy				
Highways Depots (health & Safety)	DPS	Assurance over the responsibility, accountability, and delivery of Health and Safety at Highways depots		Q2
Highways Claims	DPS	To review the end-to-end process for the reporting and completion of highways claims.		Q2
WSFRS - Group Crewing System	CFO	Review of controls in place to support the group crewing policy, including the monitoring, and reporting arrangements, control of pay back shifts etc.		Q2
WSFRS – H&S Peer Review – follow up	CFO	To follow up on the implementation of actions detailed with the H&S peer review.		Q2

Audit	Directorate Sponsor	Scope/ Risk	Corporate/ Directorate Risk	Quarter
Helping people and communities to fulfil their potential				
School Thematic - Financial Arrangements	DCYP&L	School thematic – to review financial arrangements within schools e.g., budget monitoring and reporting to leadership and governors		Q1
SFVS	DE&S	Mandatory requirement - review of the SFVS returns to identify areas of weakness / non-compliance to inform School Thematic Reviews / Individual School Visits	-	Q1
Independent Lives (contract management)	DA&H	To review the contract management arrangements for services in the delivery of independent lives, ensuring the council is receiving services in accordance with contractual obligations and vfm is attained.		Q2
School Thematic – recruitment checks	DCYP&L	School thematic – to review effective recruitment checks are completed prior to the employment of staff at schools e.g., right to work, DBS, qualifications, references etc.		Q2
Direct Payments (Children’s)	DCYP&L	To provide assurance over Direct Payments processes for children.		Q2
Making the best use of resources				
Overtime (Corporate)	DHR/OD	Analytical review of overtime looking at authorisation, working time directive compliance and vfm.	CR11	Q1
IT Network Strategy and Implementation	DF&SS	Assurance over the effective governance, maintenance, and delivery of the organisations IT Network Strategy.		Q2
Parkside Accounts	DPS	Review Parkside accounts and charges for independent assurance provided to tenants		Q2
CIPFA Financial Management Code	DF&SS	Conformance with the CIPA Code which provides guidance for good and sustainable financial management in local authorities.		Q2

Audit	Directorate Sponsor	Scope/ Risk	Corporate/ Directorate Risk	Quarter
Fraud (Proactive / Reactive)	DF&SS	Range of proactive and reactive initiatives to help identify and mitigate the risk of fraud. (Appendix 1)	-	Q1-Q4
Pensions – Employer Contributions	DF&SS	To provide assurance on employer contribution processes in light of new rates, new actuarial certificate and pension fund cashflow.		Q2
Debt Recovery	DF&SS	To review the debt recovery process (dunning, legal, write off) and ensuring clarity on roles, responsibility and accountabilities.		Q2
Grants / Other –				
Supporting Families (Claim 1)	DCYP&L	Requirement to verify sample of claim.	-	Q1
Supporting Families (Claim 2)	DCYP&L	Requirement to verify sample of claim	-	Q2
Bus Service Operators Grant	DPS	Review in accordance with grant determination	-	Q2
Management				Q1-4

Audit Sponsor

Chief Executive
Becky Shaw

Chief Fire Officer (CFO) Sabrina Cohen- Hatton	Director of Adults & Health (DA&H) Alan Sinclair	Director of Children, Young People & Learning (DCYP&L) Lucy Butler	Director of Place Services (DPS) Lee Harris	Director of Finance & Support Services (DFSS) Taryn Eves	Director of HR/OD (DHR/OD) Gavin Wright	Director of Law & Assurance (DL&A) Tony Kershaw
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Counter Fraud Plan

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.



The 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.' (WSSC - Anti Fraud & Corruption Strategy)

The County 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 Fraud Response Plan; Whistleblowing Policy and Anti Bribery Policy). This document provides an extension to the County 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 Counter Fraud Plan compliments 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 will work seamlessly with management in the effective review and investigation of any reported incidents of fraud and irregularity. All such reviews will be co-ordinated by professionally accredited (CIPFA (CCIP), ACFS) staff, in accordance with the County 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 within the County Council, however, a contingent level of capacity for such eventualities is considered prudent.

Proactive Approach

Whilst the established process to reactive fraud assists the County 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.

The Southern Internal Audit Partnership's understanding of the County Council's service activities coupled with research from national surveys / publications, our attendance at national counter fraud networks and our previous proactive fraud activities across our wider Partnership have been used to inform our identified proactive reviews for 2023-24.

We are continuing to develop the use of data analytics and this will be used to underpin our proactive reviews through the year wherever possible.

It is also recognised that 2023 is a National Fraud Initiative match release year and as such the Southern Internal Audit Partnership will be facilitating this process to ensure that appropriate levels of investigation are undertaken on identified positive matches.

Additionally, we will liaise and facilitate work required regarding information requests received from other local authorities during the process of their investigations into positive matches. This work commenced in late January 2023 when the Match reports were released by the Cabinet Office.

Counter Fraud Plan 2023-24

Activity	Scope	Due Date	Expected Outcome
Reactive Fraud Activity	To respond to the Council's need to commission investigations into fraud or irregularities to which it becomes aware during the course of the year.	Q1- Q4	To conclude any commission review within agreed timescales in liaison with key stakeholders, police or external agencies as required including attendance at disciplinary meetings or court as required.
Proactive Fraud Activity			
CIPFA Fraud Survey	Completion of the annual CIPFA fraud survey (if issued by CIPFA).	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 review of positive matches as released in January 2023 and responding to requests for information from other local authorities.	Q1- Q4	Identify and make appropriate enquiries into identified matches and ensuring appropriate recovery action is instigated as appropriate.
Proactive Fraud Reviews:	Indicative projects have been identified on the basis of relevance to fraud exposure, any national trends or local intelligence emerging. This may be subject to change depending on new/emerging risks identified.	Q1 – Q4	Identification of weaknesses within the control processes where due consideration to fraud exposure may not have been considered to enable corrective action to be taken.
<ul style="list-style-type: none"> • Pool Cars • Overtime • 1 TBC 	Data analytics will be utilised to enhance the depth and breadth of work undertaken within each project.		Identify any potential exposure to fraud activity that warrants additional in-depth review.
Training & Awareness	To maintain a level of fraud awareness across the organisation (including training)	Ongoing	<ul style="list-style-type: none"> • Issue of Fraud Bulletins • Issue of Briefing Notes • Review and update of corporate eLearning training

Activity	Scope	Due Date	Expected Outcome
Annual Report on Fraud & Irregularity	To produce an end of year report to those charged with governance covering all reactive and proactive fraud initiatives.	Q1 (2024-2025)	To present a report to ELT and Regulation, Audit & Accounts Committee outlining progress against the 'Fraud Action Plan 2023-2024' relaying outcomes, assurance, investigations, sanctions, savings etc. as appropriate.

Appendix A
Agenda Item 6

**Key decision: Not applicable
Unrestricted**

Report to Regulation, Audit and Accounts Committee

14 July 2023

Quarterly Review of Corporate Risk Management

Report by Director of Finance and Support Services

Summary

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

A new risk relating to school placements in the water neutrality area has been added to the corporate risk register. The risk of services failing to deliver existing work plans due to COVID19 has been closed and removed from the corporate risk register. Risks of placing children in unregistered homes, and overdue re-procurement of care and support at home services, have reduced in severity and have been de-escalated to their respective directorate risk registers. Risks relating to a failure of social care provision, death or serious injury of a child, and children's services failing to progress all areas to a 'good' rating, have all reduced in severity.

Recommendations

- (1) The Committee is asked to review the information detailed in the report and provide comment, as necessary.
-

Quarterly update

1 Introduction

The Committee has responsibility to monitor the effectiveness of risk management arrangements. 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 Since the previous Regulation, Audit and Accounts Committee (RAAC) on 20 March 2023 there have been the following changes to risks in the Corporate Risk Register (CRR). The full CRR is included in Appendix 1.

Risk No	Risk	Action	Reason	Current Score
CR58	Failure of social care provision	Risk severity reduced	Due to completed mitigations	20
CR61	Death or serious injury of a child	Risk severity reduced and tolerated	Due to completed mitigations and outcome of Ofsted report	10
CR69	Service fails to progress all areas to a 'good' rating within a suitable timeframe	Risk description amended and risk severity reduced	Due to completed mitigations and outcome of Ofsted report	10
CR72	Unregistered care homes - children and young people will not be cared for in settings that best meet their needs	Risk severity reduced	Due to completion of mitigating actions	8
CR73a	Climate Change Mitigation	Supersedes CR73	To provide clarity on each specific area of responsibility for Climate Change	12
CR73b	Climate Change Adaptation	Supersedes CR73	To provide clarity on each specific area of responsibility for Climate Change	12
CR74	Overdue re-procurement of care and support at home services	Risk severity reduced	Due to completed and developing mitigations, and impending arrangements	6

2.2 The following table summarises risks on the CRR with the current severity graded above the tolerance threshold. Full details of the mitigations in place are set out in the accompanying CRR.

Risk No	Risk	Summary of Mitigations	Score - Prev Qtr	Score
CR11	Recruitment and retention	Development of strategic workforce plan, including a consideration of alternative arrangements to address hard to fill posts and salary benchmarking across neighbouring LA's.	25	25
CR39a	Cyber-security	Conduction of penetration tests, disaster recovery and social engineering exercises. IT service redesign to ensure capacity & capability.	25	25

Risk No	Risk	Summary of Mitigations	Score - Prev Qtr	Score
CR22	Financial sustainability	Robust and regular financial planning sessions with ELT, Cabinet and Finance Teams. Lobbying for fairer funding for LA's.	20	20
CR58	Failure of social care provisions	Monitoring of care home financial sustainability, including reviews of capacity and fees paid to providers.	25	20

3 New Risks

3.1 There is one new risk that ELT have agreed to include in the CRR. The full details can be found in Appendix 1.

Risk No	Risk	Reason	Current Score
CR76	School places in water neutrality area	Due to the requirement for certain projects to demonstrate water neutrality before planning approval is obtained, and how this might affect the provision of sufficient school places	12

4 Risk de-escalation or closure

4.1 Following discussions with individual Directors and ELT, the following risks have either been de-escalated or closed.

Risk No	Risk	Action	Reason	Current Score
CR68	COVID19 - Services will fail to deliver existing work plans	Close risk	No impact felt for considerable time. BAU responses expected to address any further waves	10
CR72	Unregistered care homes - children and young people will not be cared for in settings that best meet their needs	De-escalate risk to CYPL risk register	Due to completion of mitigating actions and low likelihood of risk event	8
CR74	Overdue re-procurement of care and support at home services	De-escalate risk to Adults and Health risk register	Risk reduced significantly and new arrangements to commence Apr 24	6

5 Risk Management Framework

- 5.1 The CRR continues to be reviewed quarterly by ELT, with any actions promptly addressed.
- 5.2 The directorate risk registers have been reviewed at least quarterly by each Director/Assistant Director and their management team, with support from the Corporate Risk Manager. The Corporate Risk Manager has continued to engage quarterly with Directorate leadership teams to discuss corporate and other directorate/service risks, and risk governance.
- 5.3 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.
- 5.4 Capital risks are managed through various project hubs and the Capital programme, all reporting to the Capital and Assets Board. The Board is chaired by a member of ELT with other relevant ELT and senior officers in attendance and ensures that significant concerns to the successful delivery of the programme and/or capital projects are discussed, communicated to ELT, and reflected in the corporate risk register if required. The Corporate Risk Manager has continued to provide support to projects and programmes, and their risk registers.
- 5.5 Due to the impact of COVID19 the Risk Management Lunch 'n' Learn sessions were delivered as an online seminar, with the course content amended to facilitate this method. Face-to-face delivery of this course has been re-introduced, with two courses scheduled for the 23/24 training year. Both formats of this course are available for staff in Districts and Boroughs, and other partnering organisations, at nil cost. The follow-on course (Risk Management in Practice) is being designed for face-to-face delivery using a combination of instruction via PowerPoint and syndicate/group work and will involve staff working through the WSCC risk management process using a generic scenario. To support staff in better managing their risks the Corporate Risk Manager has produced a variety of resources, which have been communicated to all staff and added to the WSCC Risk Management SharePoint site.
- 5.6 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 or during lunchtimes 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.

6 Risk Management Strategy

- 6.1 An annual review of the WSCC Risk Management Strategy (Appendix 2) has been conducted, with no amendments made. The committee are requested to review and provide comment, as necessary.

7 Risk Activities

7.1 Significant activities the Corporate Risk Manager has been undertaking to support continuous improvement and alignment with best practice include:

- Quarterly attendance at all directorate management team meetings to review existing corporate and service level risks, including horizon scanning discussions to identify additional concerns
- Provision of risk management support to Assistant Directors and Heads of Service
- Support to projects and programmes to provide assurance and support on robust governance, most notably Ash Dieback and Solar PV and Battery Storage
- Inclusion of risks into the business planning process
- Increased collaboration with Internal Audit to ensure the risk management framework remains robust and aligned with best practice
- Design and delivery of an internal project management course to ensure risk is considered throughout project delivery
- Support to the Southeast Risk Managers Group to share best practice of risk management across various local authorities

8 Recommendations

8.1 The committee is asked to consider the information in this report and provide comment, as necessary.

9 Risk implications and mitigations

9.1 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.

10 Policy alignment and compliance

10.1 Equality duty and human rights assessment. 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.

Taryn Eves
Director of Finance and Support Services

Appendices

Appendix 1 – WSCC Corporate Risk Register
 Appendix 2 – WSCC Risk Management Strategy

Background papers

None

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Risk No	Risk Description	Risk Owner	Risk Impact	Date Risk Raised	Initial Risk			Risk Strategy	Target Risk			Risk Control/Action	Action Owner	Action Target Date	Risk Update	Current Risk			Next Risk Review Date		
					Impact	Likelihood	Score		Impact	Likelihood	Score					Impact	Likelihood	Score			
CR7	There are governance systems which are not used fully and to best effect, and some which do not fit well together. This inhibits effective performance and delivery and frustrates those involved. Skills and knowledge of systems are patchy and excessive effort required for sound decisions and outcomes.	Director of Law & Assurance	1. Delayed or incomplete governance for decisions impede service delivery.	Dec-19	4	4	16	Treat	2	2	4	Examples of non-compliance used to inform Directors to enforce compliance with standards.	Director of Law & Assurance	Ongoing	AGS actions finalised November 2022 underway New AGS in draft to RAAC July.	4	2	8	Aug-23		
			2. Service improvement effort impeded.									Regular monitoring and active corporate support to establish better practice.			Director of Law & Assurance					Ongoing	Audit plan settled and activity in progress - specific work on governance of officer interests for new AGS & Director Statements of Assurance (for July 2023).
			3. Resources misapplied - poor VFM.									Audit plan focussing reviews on key corporate support systems to identify areas in need of improvement.			Director of Law & Assurance					Ongoing	Actions completed or in train as per agreed audit plan and specific audit projects
			4. external criticism through audit									Training focused on CMT and senior officers involved in decision governance.			Director of Law and Assurance					Ongoing	Training rolled out to CMT and programme planned as continuous focused at relevant officers.
												Officer Board review to simplify and clarify.			Director L&A					Jul-23	For completion in line with current AGS

Risk No	Risk Description	Risk Owner	Risk Impact	Date Risk Raised	Initial Risk			Risk Strategy	Target Risk			Risk Control/Action	Action Owner	Action Target Date	Risk Update	Current Risk			Next Risk Review Date		
					Impact	Likelihood	Score		Impact	Likelihood	Score					Impact	Likelihood	Score			
CR11	As a result of skill shortages across various sectors, and less attractive employment offers in comparison to other organisations and locations (amplified by the current cost of living situation), there is a risk that we will not be able to recruit and retain sufficient numbers of qualified/experienced staff to manage and deliver quality services.	Director of Human Resources & Org Dev	1. Over-reliance on interim and agency staff.	Mar-17	4	5	20	Treat	4	2	8	Development of strategic workforce planning approach in collaboration with services, to identify cross organisational skills, capacity and capability risks and requirements (current and future) and work with services to establish action plan for high risk and priority areas and roles.	Head of HR Bus Ptr & Org Dev/ Head of Res Org Dev & Talent	Sep-23	• Establish a WSCC-wide workforce plan identifying key priorities and challenges to be addressed over the next 5 years. • Use audit findings to inform improvement of workforce planning methodology. • Establish and maintain long term workforce action plans for identified priorities for recruitment and retention intervention. • Identify priority professions and/or posts where succession planning could be impactful in addressing recruitment and retention challenges.	5	5	25	Aug-23		
			2. Lack of corporate memory.									Develop alternative arrangements to attract candidates for hard to recruit to roles including the use of specialist third party search agencies.			Director of Human Resources & Org Dev					Jun-23	Currently undertaking lessons learnt exercise with third party supplier to take into service moving forward. Business case to secure permanent additional support currently in development. Working with another third party to support recruitment in Property and Assets
			3. Inadequate pace/speed of delivery.									Development and regular communication of comprehensive employee value proposition to support recruitment and retention.			Head of Res Org Dev & Talent					Sep-23	Part of People Framework Action Plan, will be progressed once initial kick start projects are delivered. Updated context on website on 5 key areas of EVP, namely working environment, culture, financial benefits, career progression and learning and development. RPO Services project team to conduct critique/evaluation of Adult Services EVP by June. Recruitment & retention conversations to also take place at Smarter Working Stakeholder Group to inform and support decision making.
			4. Low staff morale and performance.									Longer term strategies for addressing recruitment issues e.g. apprenticeships, growing our own.			Head of Res Org Dev & Talent					Ongoing	3 year plans in place for apprenticeships (currently being refreshed). LGA consultancy engaged with; recommendations received. Continuing programme of marketing and awareness raising, e.g. National Apprenticeships Week. Members Task and Finish Group (TFG) has been created to build on existing apprenticeship work and support to vulnerable children. Performance and Finance Select Committee (PFSC) now receive quarterly HR and KPI data, which also includes key recruitment actions.
												Benchmarking of salaries against peers across neighbouring LA's focussed on attracting and retaining talent for key areas, and consider activates to address outcomes.			Head of Specialist HR Services					ongoing	Joint working with ESCC to benchmark across common priority roles with a view to sharing resource if commissioning deeper piece of work is needed. Initial benchmarking completed and review to take place to consider what further work is required.
												Conduct planning session with HR team to review current recruitment practices, and meet with key stakeholders to develop comprehensive plan to address areas needing improvement.			Head of Res Org Dev & Talent					ongoing	Several process mapping workshops have taken place with CYPL, focussing on identifying improvements to the HR service provision process. Process mapping within internal HR service has been scheduled. Process guide for international recruitment has been developed. Looking at how handovers between Recruitment and Payroll can be best managed to allow for contract production to be completed in the ATS.
												Restructure of HR Resourcing function to ensure it better fits how recruitment now needs to be undertaken			Director of Human Resources & Org Dev					Jun-23	Resourcing secured for additional senior capacity, recruitment to commence in late May/early June 23

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CR22	The financial sustainability of council services is at risk due to uncertain funding from central government and economic conditions (mainly inflation and interest rates) impacting on service delivery, and/or failure to make the required decisions to ensure the budget is balanced. This has been compounded further with the COVID-19 pandemic and the now cost of living crisis which is making economic conditions uncertain, and impacting on the cost of council services and demand for services.	Director of Finance & Support Services	1. Insufficient government funding to deliver services.	Mar-17	4	4	16	Treat	4	3	12	Monthly monitoring of the financial position in 2022/23 and 2023/24 and reported to ELT and Cabinet Member for Finance to ensure pressures are visible and mitigating action put in place. This includes reporting on the delivery of savings in year.	Director of Finance & Support Services	ongoing	Monthly monitoring continues and a new style of reporting to ELT and Cabinet Member to Finance and the Leader to ensure visibility and ownership of the financial position and discussions around areas of concern. The update includes the latest monitoring position but also identified risks that are starting to emerge in year.	4	5	20	Sep-23		
			2. Adverse effect on reserves/balanced budget.									Monitor the use of additional funds made available to improve service delivery.			Director of Finance & Support Services					Ongoing	Improvement is monitored through the relevant service boards
			3. Reputational impact through reduction of service quality									Financial Planning sessions with ELT and Cabinet taking place to ensure officers and Members understand and own the financial challenge.			Director of Finance & Support Services					ongoing	These were established in April 2023, with 2 sessions currently scheduled for Jun and Sep. The MTFS in summer 2023 will be developed to ensure financial resources are available to deliver on the priorities.
			4. Increased liability of service delivery, transferred by external partners due to funding restrictions i.e. supporting homelessness.									Publication of annual MTFS (Revenue and Capital) across a five year planning period aligned to the Council Plan. The budget gap for 2024/25 remains challenging - currently estimated at £40 to £50m over the medium term that will require a long term approach to financial planning and a different approach to identifying cost reductions and income generation (aligned to the Council Plan and priorities limited resources).			Director of Finance & Support Services					ongoing	Planning for the 2024/25 cycle will begin early in the financial year and an update will be provided in the updated MTFS published in the summer in advance of budget proposals in the Autumn. A new Business Planning Group as been established across finance and performance which will drive forward a different approach to balancing the books alongside the Council Plan.
			5. Additional unexpected service and cost pressures from savings decisions.									Continue to lobby for fairer funding for Local Government through annual settlements, the Fair Funding Review, Levelling Up Agenda and Business Rates reset.			Director of Finance & Support Services					ongoing	Responses to consultations, attendance at local and regional events, working across CCN and SCT. The Council have one-off reserves that can also be used to smooth any reduction in budgets if the government does not itself damp future settlements; which is needed given the extent of one-off and time-limited funding.
			6. Financial implications from the recovery of the Covid-19 pandemic and now the Cost of Living Crisis for both 2023/24 and the medium term.																		

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CR39a	Cyber threat is an evolving, persistent and increasingly complex risk to the ongoing operation of County Council. There is a risk of a successful cyber attack directly from external threats; or indirectly as a consequence of members or staff falling prey to social engineering or phishing attacks. The potential outcome may lead to significant service disruption and possible data loss.	Director of Finance & Support Services	1. The Council suffers significant financial loss or cost.	Mar-17	4	5	20	Treat	4	4	16	Regular review, measurement and evaluation of corporate (technological/process) / organisational (behavioural) response to current and emerging cyber threats, where applicable to undertake pertinent actions to mitigate risks identified.	Head of IT	Ongoing		5	5	25	Sep-23		
			2. The Council's reputation is damaged.									Improve staff awareness of personal & business information security practices & identification of cyber-security issues. Continued actions due to evolving threats.			Head of IT					Ongoing	Regular comms distributed to all staff. Continuing to drive employees to undertake mandatory annual Information Security and Data Protection education and certification. Ad hoc actions taken (as appropriate) in response to level of cyber threat.
			3. Resident's trust in the Council is undermined.									Maintain IG Toolkit (NHS) & Public Service Network security accreditations.			Head of IT					Ongoing	Ongoing works to ensure appropriate connectivity/accreditation for applicable public sector/government networks/system connectivity.
			4. Partners will not share data or information with the Council.									Conduct tests including penetration, DR and social engineering. (conducted 6 monthly)			Head of IT					Ongoing	Ongoing works to ensure appropriate connectivity/accreditation for applicable public sector/government networks/system connectivity.
			5. Punitive penalties are made on the Council.									Ensure that cyber-attack is identified early, that reporting & monitoring is effective, and recovery can be prompt.			Head of IT					Ongoing	2023 testing schedule defined and in delivery. IT health checks in place.
												Provide capacity & capability to align with National Cyber-Security centre recommendations.			Head of IT					Ongoing	Training needs assessment regularly undertaken, programme of education developed to ensure IS resources are appropriately skilled and corporate practices followed align to NCSC guidance's.
												Transition to a controlled framework for process and practice.			Head of IT					Ongoing	IT service redesign to be carried out due to early return of ITO.

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CR39b	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.	Director of Law & Assurance	1. Individuals or groups come to harm.	Mar-17	4	5	20	Tolerate	3	3	9	Test the effectiveness of DPIA	Head of Data Protection	Ongoing	Annual business process review via DPIA to confirm compliance or to reflect update/risk assessment if business process elements have shifted since last review.	3	3	9	Aug-23		
			2. The Council's reputation is damaged.									Maintain IG Toolkit (NHS) & Public Service Network security accreditations.			Head of IT					Ongoing	Ongoing works to ensure appropriate connectivity/accreditation for applicable public sector/government networks/system connectivity. DPT has this task which is completed in March every year: March 2022 WSCC met expectations. Remainder is ongoing
			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					Complete	Processes settled. Impact assessments completed. Further DPIA to be conducted as required.
			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					Ongoing	Mandatory training implemented to ensure employees are aware of obligations and support available. Data sharing agreements / contractual terms to cover provision of effectively managed DP obligations between WSCC/Suppliers/third parties.
			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					Complete	Training slides provided with introduction to relevant policy and processes. Ongoing assistance from DPT available as required.
												Adopt ISO27001 (Information Security Management) aligned process & practices.			Head of IT					Ongoing	Adoption of ISO27001 is being considered as part of a wider assurance framework being developed to support operation of the Council's transformed internal IT function subsequent to the recent exit of the IT outsource.
												Review IT systems implemented prior to 25 May 2018 to confirm compliance with updated regulations.			Head of IT					ongoing	Full and detailed inventory of the remaining systems was undertaken between Jan-Mar 2022, with a further 6 to 12 month period to complete the end to end rationalisation, cloud migration or termination of legacy applications.
												Maintain and refresh systems of control to ensure that access to sensitive data and information is controlled.			Director of Law & Assurance					Ongoing	To refresh training of officers and members and maintain controls over actions to prevent and deal with data breaches.

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CR50	WSCC 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.	Director of Human Resources & Org Dev	1. Increase risk of harm to employees, public and contractors.	Mar-17	4	5	20	Treat	3	2	6	Purchase, develop and introduce an interactive online H&S service led audit tool.	Health and Safety Manager	ongoing	Site monitoring inspection templates created in govService. Audit templates also created in govService, but the trial identified that it failed to offer the functionality required. In addition, if the schools required access the additional licensing requirements would significantly increase the cost. H&S Team are currently considering the option of contracting with Advanced New Technology (ANT), for the provision of their online auditing system.	3	3	9	Aug-23		
			2. Increase number of claims and premiums.									Incorporate HS&W information into current performance dashboard.			Health and Safety Manager					ongoing	Dashboard to capture details on sickness, absence and H&S. H&S data currently collated relates to RIDDOR and NON-RIDDOR incidents. Data from inspections and audits once the templates are developed in Firmstep will be linked to PowerBI dashboard.
			3. Adverse reputational impact to Council.									Regular engagement with services to ensure H&S responsibilities continue to be fully understood and embedded in BAU activities.			Health and Safety Manager					Ongoing	H&S Reps Committee used to reinforce H&S responsibilities, discuss concerns and escalate to H&S Governance if necessary.
			4. Increase in staff absence.									Regular engagement with other LA's on best practice and lessons learned.			Health and Safety Manager					Ongoing	
												Develop and introduce a more comprehensive risk profile approach and front line service based audits.			Health and Safety Manager					Ongoing	HSW risk profiling of corporate services/teams will commence once ANT (or equivalent) have been contracted in order to build this into the online auditing system.

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CR58	The care market is experiencing an unprecedented period of fragility, particularly due to staff shortages and increasing demand. This has been further exacerbated by Covid-19 and is increasing weekly costs of care. If the current and future commercial/economic viability of providers is not identified and supported, there is a risk of failure of social care provision which will result in funded and self-funded residents of West Sussex left without suitable care.	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	5	5	25	Treat	3	3	9	Collection of market information on Firefly. Analysis of information and appropriate level of quality assurance response.	Head of Commissioning	ongoing	Face to Face visiting/monitoring of high priority services is now back in place following a reduction due to Covid, albeit impacted by reduced capacity in the service and increased priorities over winter. Reactive monitoring continues based on compliance, quality and safeguarding as indicators for monitoring & Support. Following establishment of new Adults Commissioning structure a review of contract management and quality monitoring is to be prioritised as part of the business plan.	5	4	20	Sep-23		
			2. CQC action against service provider which could lead to establishment closure at short notice									Provision of regular support and communication to care homes to monitor financial sustainability (increased engagement during COVID-19 pandemic to monitor Infection Control Grant).			Head of Commissioning					ongoing	Regular meetings with partners focused on quality within the provider market. Regular communications to care homes through newsletters and forums. Face to face monitoring re-introduced. Incident Management Team meetings in place to manage risks associated with Covid or other Infection Prevention incidences which are flexed according to need and incident prevalence. Contract rate annual uplifts published and communicated to all providers with message to contact the Council with concerns regarding financial stability in order that these can be managed with providers at an early stage to minimise impact.
			3. Financial implication of cost of reprovion following closure of services.									Financial analysis of high risk provision - due diligence checks.			Service Manager - OP Contracts					ongoing	Working with strategic contracts to identify key providers for more regular financial checks. Commissioning of sustainability blocks to deliver a level of financial stability.
			4. Reduced capacity in the market as a result of failure of provision.									In the event of an incident, ensure the consistent implementation of Emergency Response Plans, including a full de-brief and lessons learned.			Assistant Director (Operations)					ongoing	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.
			5. Delay for those residents who are Medically Ready to Discharge (MRD).									Review capacity of residential and non-residential services to ensure service availability and to support identification of contingencies if needed.			Head of Commissioning - Older People					ongoing	Use of the National Capacity tracker, and regular contact with registered residential care providers enquiring about vacancies. This enables information on capacity for the Combined Placement and Sourcing team to utilise to support placements. Reviewing the bed booking system to ensure robust information on vacancies in block contract provision. Information on numbers of packages and placements being sourced is updated regularly and issues with capacity which are escalated to the fortnightly Capacity Oversight Group meetings. In times of capacity shortages action plans are developed to support improvements. Ongoing partnership working with the Integrated Care Board regarding availability of capacity for people being discharged from hospital and development of plans to support hospital pressures.
			6. Non-compliance with Care Act.									Annual review of fees paid to providers to support financial sustainability.								ongoing	Fees paid to providers increased by an average of 9% for 2023/24.
			7. Reputational impact. Public perception of the council being willing to accept poor standards of care. Low public confidence in social care.																		
			8. Adverse impact on Health and Social Care system.																		

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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.	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	5	5	25	Tolerate	5	2	10	Implementation and monitoring of Continuous Practice Improvement Plan (CPIP).	Director of Children, Young People and Learning	ongoing	Education and Skills directorate included in the ongoing activity. An initial review of the CPIP is currently being undertaken, with completion expected by July 23. From then on, the CPIP will be reviewed monthly by DLT.	5	2	10	Aug-23
			2. Subject to investigation and further legal action taken against the Council.									Provide proactive improvement support to services to assure effective safeguarding practices.	Director of Children, Young People and Learning	ongoing	Programme of improvement action completed on time and achieved the desired impact. ILACS determined the service is satisfactory, and acknowledged the ongoing improvements.				
			3. Immediate inspection and Government intervention.																
CR69	Children's Services have now been moved out of special measures as a result of the recent Ofsted inspection, however ILACS have outlined areas that require further development. If the council stall in their efforts to implement the planned improvements, there is a risk that the service will fail to progress all areas to a 'good' rating within a suitable timeframe.	Director of Children, Young People and Learning	1. A child is exposed to dangers which could cause harm.	Mar-20	5	5	25	Treat	5	1	5	Deliver Children First Improvement Plan.	Senior Improvement Lead	ongoing	Plan has been reviewed and refreshed based on ILACS feedback. Plan will regularly monitored and reviewed by DLT and relevant scrutiny committee.	5	2	10	Aug-23
			2. Significant reputational damage.									Continue to work with Hants CC as a partner in practice to improve the breadth of children's service.	Director of Children, Young People and Learning	ongoing	The council will carry out a review of the current partnership arrangement to determine the requirement for ongoing engagement and support.				
			3. Reduced confidence by residents in the Councils ability to run children's services.									Implement the Children First Service transformation model	Assistant Director (Children First Transformation)	ongoing	Family Safeguarding model redesign to ensure practice improvements are sustainable and embedded to provide a good level of service is being progressed and is meeting its milestones for implementation.				
			4. Legal implications through non-compliance or negligence.																
CR73a	<u>Climate Change Mitigation</u> - If there is a failure to adequately prioritise, finance, resource and embed into BAU our efforts to decarbonise in alignment with the commitments made in the Council's Climate Change Strategy, there is a risk that there will be insufficient capacity and capability to fully deliver the necessary actions within the stated timeframes. This will lead to additional resource strain, higher demand on capital programmes and threaten organisational reputation.	Director for Place Services	Loss of public confidence in stated Climate Change Strategy.	Jan-22	4	3	12	Treat	2	2	4	Clear prioritisation of CC Strategy delivery within Our Council Plan	Director for Place Services	ongoing		4	3	12	Nov-23
			Loss of credibility with Govt and Partners notably West Sussex districts & boroughs, South Downs National Park Authority, Environment Agency, Natural England & Southern Water.									Built into county-wide Business Planning and budgeting process	Director for Place Services	ongoing					
			Punitive penalties are made on the Council, or be liable for higher future carbon pricing / taxation to achieve carbon neutrality.									SMART programme of actions based on clear definitions and metrics	Director for Place Services	ongoing					
			Increased vulnerability to energy market volatility and high utility rates from failure to electrify and retrofit our assets (higher utility costs, higher uncertainty).									Align pipeline of projects for existing and future funding opportunities	Assistant Director (Environment and Public Protection)	ongoing	Relevant Funding Opportunities for decarbonisation of built assets considered by the Carbon Reduction Programme Board accountable to the Climate Change Board. Further work required to ensure all parts of the organisation are working collaboratively to maximise success of funding bids in all related areas of climate change, decarbonisation and natural capital. Additionally we are taking all opportunities to lobby Government (and support others making the same point) for sustained, targeted funding rather than piecemeal competitive bidding processes.				
			Additional strain on existing resources and officer capacity, without adequate planning there will be a lack of people trained with the right "green" skills to move this work forward (P&A team needs engineers to complete work, without adequate planning there won't be capacity).									Recruitment and training policy to ensure all staff & elected members are suitably informed on climate change issues & that specialist skills are embedded through recruitment & training to enable delivery	Assistant Director (Environment and Public Protection)	ongoing	Sustainability Team now fully staffed – Carbon Literacy Training now online for staff.				

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CR73b	<p>Climate Change Adaptation -West Sussex faces the high risk of increasing impacts of climate change including extreme heat, severe storms, flooding and sea level rise, among others. Without proactive consideration of and preparation for these impacts, WSCC assets, service delivery and West Sussex residents are at increased risk of damage, disruption and injury. This will lead to protracted service disruptions, dangerous conditions and increased reliance on emergency services. In the longer term this could lead to displacement of residents and businesses in vulnerable, lower lying areas.</p>	Director for Place Services	Negative impact on recruitment and retention of staff, and decline of productivity.	Jan-22	4	3	12	Treat	3	2	6	Clear prioritisation of CC Strategy delivery within Our Council Plan	Director for Place Services	ongoing		4	3	12	Nov-23
			Increased resource, capacity, officer expertise and capital demand on WSCC services to respond.									Existing assets and service delivery made climate change resilient & future developments designed to be as low carbon & climate change resilient ☑	Director for Place Services	ongoing	Consultation with sustainability team during planning phase to ensure decisions are made when considering climate change and using live data.				
			Impact on public health and increased community vulnerability due to projected changes in temperature, precipitation and weather patterns.									Recruitment and training policy to ensure all staff & elected members are suitably informed on climate change issues & that specialist skills are embedded through recruitment & training to enable delivery	Assistant Director (Environment and Public Protection)	ongoing	Sustainability Team now fully staffed – Carbon Literacy Training now online for staff.				
			Damage to, or accelerated deterioration of, infrastructure/assets due to increased temperatures, drought and wildfires (HEAT VULNERABILITY).																
			Damage to, or accelerated deterioration of infrastructure/assets Impact on public safety due to increased flooding, new precipitation patterns, storm intensity and sea level rise (FLOOD VULNERABILITY).																
			Negative disruptions on service delivery.																
CR76	<p>Natural England issued a Position Statement on 14 September 2021 that affects all planning applications not granted before that date within the Sussex North Water Supply Zone. This has essentially halted all WSCC plans and projects in the water supply zone until water neutrality can be demonstrated. There are number of impacts on and, potentially, opportunities for WSCC arising. The principal corporate risk is that the council will be unable to provide sufficient school places in the water neutrality area.</p>	Director of Place Services	1. Failing to deliver statutory duties where required modifications trigger water neutrality. (i.e. schools/educational settings)	Jun-23	4	3	12	Treat	4	1	4	Regular engagement with Local Planning Authorities.	Director of Place Services	ongoing	Local Planning Authorities affected by the Position Statement are producing a Water Neutrality Strategy (expected by end- 2023) seeking to address water neutrality concerns over the longer-term (15 years). However, this is unlikely to resolve current issues for offsetting proposed development or for any future planning applications that are not addressed by local plans (e.g. proposals on unallocated sites).	4	3	12	Dec-23
			2. Negative reputational impact.									Produce centralised offsetting register that captures potential offsetting opportunities across WSCC estate.	Ass. Dir. (Property and Assets)	Sep-23	Business case to capture requirements of asset survey activity.				
			3. Service improvement efforts impeded.									Resource a robust set of centralised controls and initiatives to ensure identified offsetting opportunities are supported and secured in legal agreements.	Ass. Dir. (Property and Assets)	Aug-23					
			4. Potential legal action against the council in the event of non-compliance with The Conservation of Habitats and Species Regulations 2017 and associated case law.									Resources made available to support offsetting activities.	Director of Place Services	ongoing	Funding linked to governance arrangements and outputs/outcomes of offsetting register, and to include ongoing monitoring responsibility.				
			5. Excessive costs due to duplication of effort/technologies.									Direct instruction and ongoing regular engagement with all schools (including academies) regarding entering into off-setting negotiations independently of WSCC.	Ass. Dir. (Education and Skills)	Jun-23					
			6. Excessive/disproportionate costs of implementing offsetting opportunities.																

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Risk Management Strategy





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DOCUMENT CONTROL SHEET

Document Title	WSCC Risk Management Strategy
Author(s)	T Eves
Document Status	Published

DOCUMENT AMENDMENT HISTORY

Version No.	Date	Amendment Details	Approved By
1.0	1 Mar 17	WSCC RM Strategy published	Dir FSS
2.0	5 Mar 18	WSCC RM Strategy revised	Dir FSS
2.1	24 Apr 18	Para 5.3.3 Action Planning – Amended to capture that the new version risk register now incorporates the action plan	Corp Risk Mgr.
2.2	9 Oct 18	Para 6.2.2 – Addition of guidance for escalating and de-escalating service and directorate risks	Corp Risk Mgr.
2.3	30 Jan 19	App C – Removal of Corporate Business Manager Role	Corp Risk Mgr.
3.0	8 Apr 19	Para 5.6 – reference to ELT viewing key Capital and Transformation risks quarterly	Dir FSS
		Para 6.3.1 – Guidance for inclusion of risk considerations in Decision Reports	Dir FSS
		Fig 3 – Response Guide to support Heat Matrix	Dir FSS
4.0	1 Jul 21	Fig 1 Risk Governance Framework – Inclusion of Scrutiny Committee	Dir FSS
		App D Assessment Criteria – Project/Programme impact area added	Dir FSS
5.0	21 Apr 22	Fig 1 Risk Governance Framework – Inclusion of DLT risk responsibility (pg. 6)	Dir FSS
		App C Roles and Responsibilities – Inclusion of DLT as a key stakeholder (pg. 18)	Dir FSS



RISK MANAGEMENT POLICY STATEMENT

This Policy Statement outlines the County Council's commitment to managing risk and should be read in conjunction with the West Sussex County Council Risk Management Strategy (below) and West Sussex County Council Risk Management Guide.

Effective risk management is fundamental to the delivery of the 4 priorities of the County Council: (1) Keeping people safe from vulnerable situations; (2) A sustainable and prosperous economy; (3) Helping people and communities to fulfil their potential; and (4) Making the best use of resources, underpinned by a cross-cutting theme of climate change, as set out in Our Council Plan.

Risk management is an integral part of our corporate governance arrangements and is included within our public quarterly performance and resources reporting to Cabinet.

By ensuring that the risk culture, processes, and frameworks are in place and supported, we can apply robust risk management activity to contribute towards the authority's overall improvement framework. Risk management allows the County Council to be proactive in anticipating and managing problems, rather than reacting when they arise. In addition, it helps inform our integrated business planning, performance management and budgeting processes – which enables the council to take the difficult decisions on where to focus its efforts and limited resources to most effectively deliver the 4 priorities set out in Our Council Plan.

Becky Shaw

Chief Executive
West Sussex County Council



1 INTRODUCTION

West Sussex County Council’s risk management approach and strategy is based on industry best practice; with alignment to the International Standard in Risk Management (ISO 31000), British Standard Code of Practice for Risk Management (BS ISO 31100) and HM Treasury Management of Risk (The Orange Book); with guidance from Axelos Management of Risk (MoR) and Association of Project Management (APM). Further information and guidance can be found in the WSCC Risk Management Guide. A list of definitions and descriptions can be found at Appendix A.

1.1 What is a Risk?

A risk can be defined as:

“An uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives”

For something to be a risk there must be an element of uncertainty. The effect of uncertainty on an organisation’s objectives is therefore a risk. Risk is ever-present and a significant degree of risk-awareness is essential if the Council is to achieve its objectives.

A risk can be either a:

- **Threat** - A risk event that has a negative impact on objectives
- **Opportunity** - A risk event that has a positive impact on objectives

Once identified and assessed, they are both managed in the same way.

1.2 What is Risk Management?

Risk management can be defined as:

“Coordinated activities that allows individual risk events and overall risk to be understood and managed proactively, optimizing success by minimising threats and maximising opportunities”

Risk management is the process of identifying what might go wrong i.e., what the trigger/source could be, assessing the potential consequences and effects, and deciding how best to minimise the risk of it materialising. If something goes wrong, proactive risk management will significantly improve the chances of keeping the negative impacts to a minimum and/or increase the positive impacts.

Risk management means adopting a planned and systematic approach to the identification, evaluation and management of the risks facing the Council and is a means of minimising the costs, disruption and reputational harm to the Council caused by unexpected events.

Risk management covers the whole spectrum of risk; not just those associated with finance, health and safety or insurance. It also includes risk associated with public image (reputation), the environment, technology, contracts/partnerships, projects etc. A detailed list of risk categories appropriate to the Council can be found at Appendix B.

1.3 Our Approach to Risk Management

To structure and formalise the risk management arrangements across all functions, West Sussex County Council has developed a systematic and logical process of evaluating business risk to ensure it is managed effectively, efficiently, and coherently across the organisation. The Council’s adopted approach sets out the methodology for identification, evaluation, and management of risk to ensure the Council can deliver its services efficiently and effectively to the residents of West Sussex.

Council-wide ownership and accountability for managing risk is critical to the success of the organisation. All directorates work to actively anticipate and manage their business risks, embracing opportunities and reducing threats in line with their risk tolerances.

In following ‘one’ approach, the risk profiles of each function are transparent, and this enables comparisons to be made and risks to be aggregated, empowering a whole organisation



approach to risk management.

Our approach is to ensure that the discipline of effectively managing risk is integrated throughout the organisation.

Members and senior officers of the council will be primarily focussed on the strategic and business-critical risks that could impact on the achievement of objectives or successful delivery of outcomes. More detailed business operations risks will be the primary concern of services and functions, where managers will be controlling and monitoring their risks and escalating these to a strategic level if they are no longer containable and manageable at a functional level.

Identified risks and risk management actions are managed through the Council's risk registers and should be regularly discussed, reviewed, and updated. Frequent risk reporting takes place across all levels of the organisation. The governance and reporting arrangements which set out what risk information is reported to which audience and when is covered in more detail in the WSCC Risk Management Guide.

1.4 Benefits of Risk Management

When implemented and maintained, effective risk management enables the organisation to:

- Prevent the frequency of 'shocks' and unwelcome surprises
- Focus attention on real and important risks
- Enhance the opportunity to successfully achieve objectives
- Ensure the effective and efficient use of resources
- Provide a better service delivery to the customer
- Internally focus on doing the right things properly
- Develop a proactive, risk aware culture
- Develop staff and organisational resilience

1.5 Risk Management Vision

West Sussex County Council's vision for risk management is to ensure that all risks to the achievement of corporate objectives are identified, assessed, and managed effectively. To achieve this, a culture must be embedded and supported where the consideration of risk occurs throughout all levels in the organisation in a consistent way.

1.6 Objectives of Risk Management

West Sussex County Council's objectives of the risk management strategy are to:

- Integrate risk management fully into the culture of the council including its key management processes such as corporate and service planning processes, project and programmes, financial and performance management.
- Ensure there is an effective framework for identifying, assessing, managing, reviewing, reporting, and communicating risks across the council.
- Ensure that Officers, Elected Members, Scrutiny and Audit Committees, and external stakeholders can obtain necessary assurance that the Council is effectively managing and mitigating the risks of not achieving key priorities
- Maintain clear roles, responsibilities, and reporting lines for risk management
- Continuously improve risk management throughout the council and proactively communicate the councils risk management approach to staff
- Ensure risk is managed in accordance with best practice

1.7 Principles of Risk Management

The key principles to support successful risk management are outlined below:

- All staff are responsible for recognising and actively reducing risk as part of all business processes
- A consistent risk management approach and language throughout the organisation



- To communicate risk across the Council, through escalation and de-escalation, in a timely and accurate manner
- Apply the principles of continuous improvement by promoting positive outcomes and learning from mistakes

1.8 Risk Appetite

Risk appetite is best defined as:

“The amount of risk an organisation is willing to accept, tolerate, or be exposed to at any point in time in order to achieve its objectives” (*HM Treasury Orange Book)

1.8.1 Risk Appetite Statement

The Councils risk appetite statement outlines the principles it will adopt regarding its approach to risk management. The risk appetite has been developed through consideration of the following areas:

- “Our Council Plan”
- Organisation culture
- Realised risks from other local government authorities

West Sussex County Council accepts that it operates within a high-risk environment and any risk taking must be done in a controlled manner. This means that all risks must be fully understood; with likelihoods and impacts addressed through effective mitigations and communications to reduce the exposure to an acceptable level.

Appetite will vary depending on the activity and risk area. Figure 3 - Summary Risk Profile represents the overall risk appetite for council, not taking into consideration any variables for specific categories of risk. Risks below this appetite will generally be tolerated to avoid assigning a disproportionate amount of resource; however outside of this there may be a need to take mitigating action or escalate/communicate if required.

Although taking risks provides an opportunity to increase the potential for success and/or support innovative activity, the Council will

always seek to control risks with at least a ‘high’ likelihood to:

- Cause significant harm to staff, service users and residents
- Significantly impact on the environment
- Significantly impact on finances
- Threaten compliance with legal and regulatory requirements
- Jeopardise the Councils ability to deliver its core purpose
- Create opportunities for fraud or corruption

The Council’s overall risk appetite (Figure 3 - Summary Risk Profile) and statement will be reviewed

annually as part of the Council’s risk management strategy review.

1.9 Risk Tolerance Threshold

Risk thresholds (between amber and red) represent the level of exposure which, when exceeded, will trigger immediate actions to reduce it to a more acceptable level. Threshold will often indicate a level where communication or escalation of the risk is required.

1.10 Risk Appetite v Risk Tolerance Threshold

Risk tolerance threshold identifies a limit in which the organisation is not prepared to go to and **must** be dealt with; unlike risk appetite which represents an acceptable level of risk to tolerate.) Risk appetite and risk tolerance threshold help an organisation determine what high, medium and low risk is (i.e., red, amber, and green on the risk heat map). Defining these levels allow risks to be prioritised and appropriate actions assigned so that the management of identified risks will be proportionate to the decision being made, or the level of impact on service delivery.

Para 5.2.3 (Summary Risk Profile (Heat Map)) illustrates the Council’s risk appetite and risk tolerance threshold using a heat map. Both the appetite and threshold of an organisation must



be periodically reviewed to ensure risk is managed and communicated effectively and efficiently, in line with the Council's risk appetite statement.

Risk appetite and tolerance threshold are scalable; what may be considered a high risk in one tier may be a low risk within another tier. The Council's appetite and tolerance threshold is the overall amount of risk judged appropriate to be tolerated or acted upon by the organisation. Lower tiers in the organisation can adapt this to reflect their risk capability, and this will facilitate risk reporting and/or escalation to senior management through exceeding agreed thresholds.

2 RISK MANAGEMENT FRAMEWORK

The risk management framework incorporates all risk management activity required to embed and operate a consistent, yet flexible, approach across the Council. These activities can be summarised in the following areas:

- **Governance** – Risk Management Strategy
- **Methodology** – Risk Management Process
- **Education** – Risk Management Training and Awareness
- **Assurance** – Internal Audit and Annual Governance Statement

The Council's approach is to ensure risk is managed effectively throughout the organisation; with Members and senior officers focussing on strategic and business critical risks, empowering services to manage and report on detailed operational risks. All risks are recorded in the WSCC format risk register and reviewed, updated, and communicated regularly. The Corporate Risk Manager is responsible for reviewing and updating the framework when necessary, ensuring it continues to add value. Through applying this framework, and Audit support, the Corporate Risk Manager will provide assurance that risk is being effectively managed across the

organisation.

3 RISK GOVERNANCE FRAMEWORK

The Risk Governance Framework

Figure 1 - Risk Governance Framework) sets out the various groups, teams, and boards where business risk management activity and intelligence are discussed and reported.

The reporting arrangements span through all levels of the organisation, including the senior officers and Members, to ensure risk information can be escalated, de-escalated, and used as an effective tool to aid decision making. The framework interacts across all directorates and in future will span further to include our partner organisations and commissioned services.

The provision of good risk intelligence promotes discussion, encourages challenge, and enables the organisation to consider risks and opportunities as an integrated element of the day-to-day management operation of the business.

Directors should maintain a record of key operational risks within their service area relating to service change, projects, and significant procurement. Progress in managing these risks should be monitored on a regular basis and discussed with the relevant Cabinet Member.

Internal Audit will conduct a periodic review of the Council's risk management arrangements to provide independent assurance as to their effectiveness. Through the course of the year Internal Audit will also:

- Identify and report weaknesses in the controls established by management to manage/ monitor risks.
- Provide advice on the design/operation of the controls established by management to manage/monitor risk.

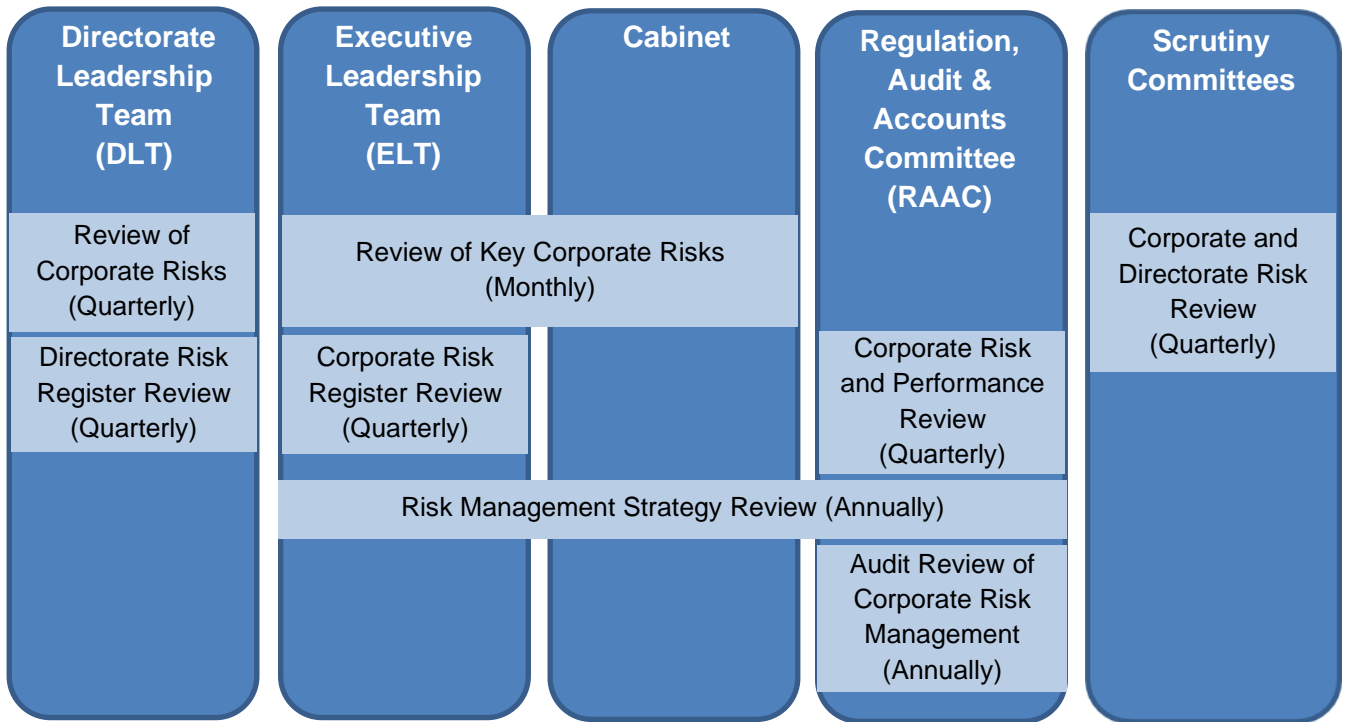


Figure 1 - Risk Governance Framework

4 ROLES AND RESPONSIBILITIES

All Members, senior leaders and employees have a role to play in ensuring that risk is effectively managed across the organisation. The risk management strategy is fully endorsed and supported by the Chief Executive and the Leader of the Council, who set the organisational tone for risk management and champion the benefits throughout the Council.

To successfully embed the management of risk into the Council's business as usual operations, it is vital to formalise the roles and responsibilities of individuals and groups involved throughout the risk management process. Appendix C outlines the key responsibilities for each stakeholder (group and individual).

5 RISK MANAGEMENT MODEL

The risk management process Figure 2 - Risk Management Model (*adapted from HM Treasury Orange Book) is a series of logical steps which are carried out in sequence to progress through each stage of managing a risk. The process is cyclical, and it is often necessary to revisit earlier steps and carry them out again to ensure you have a complete picture of the risks to the activity/outcome you are assessing.

There are many variations of the 'Risk Management Process,' with WSCC aligning itself to the process adopted by HM Treasury (Orange Book). This model focusses less on rigidity of process but encourages awareness of organisational and risk context and how key inputs influence outputs.

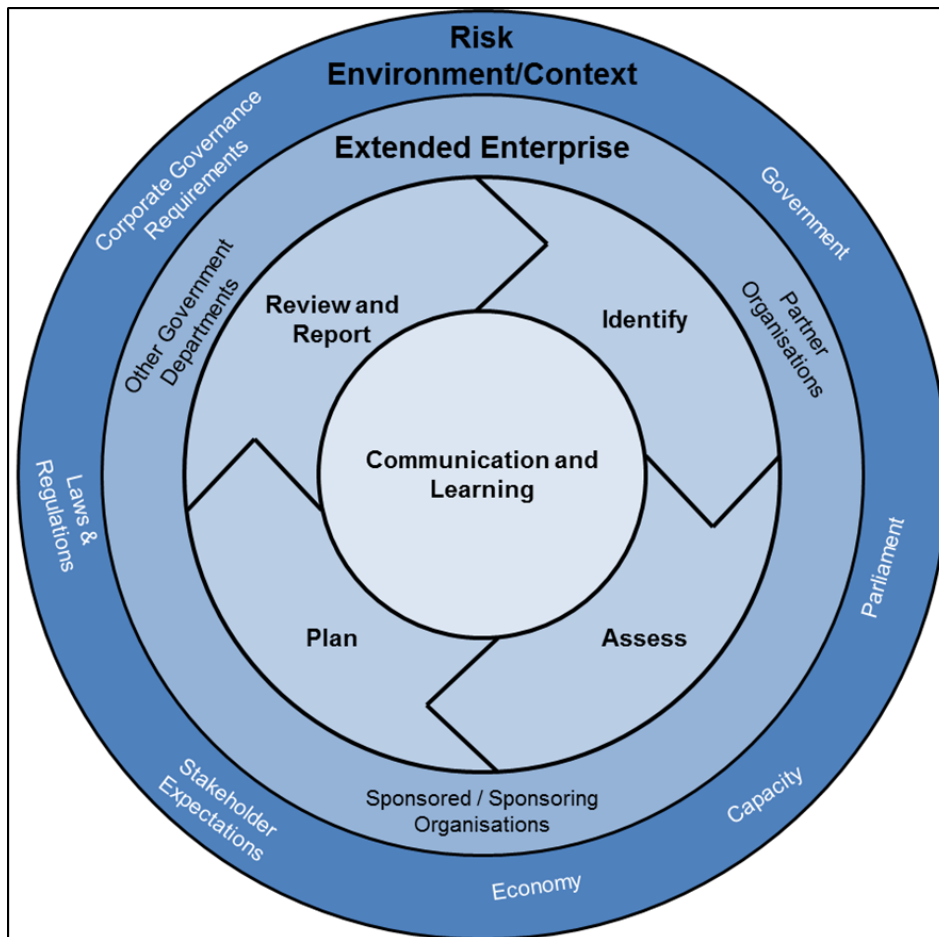


Figure 2 - Risk Management Model (*adapted from HM Treasury Orange Book)

5.1 Identify Risks

The risk identification stage provides a structured approach to inform how objectives may be affected by risk. This should be conducted iteratively; and must be sufficiently detailed, precise, and consistent to generate and record a list of comprehensive risks. It is important to establish the context around which you want to identify and assess risks i.e., an activity, objective, or outcome.

5.2 Assess Risks

Risk assessment determines the significance of a risk by understanding two factors; potential impact of the risk if it were to occur, and the likelihood of the risk occurring. Risk analysis may be undertaken with varying degrees of detail depending upon the risk, the purpose of the analysis, and the information, data, and resources available.

To ensure consistency of assessment of the probability and impact, a defined set of criteria has been produced. This criterion allows all risk to be measured against five levels of severity across 9 impact areas:

- Objectives
- Service
- Programmes
- Infrastructure
- Environment
- Finance (including claims)
- Safety
- Human Resources
- Statutory/Legal
- Reputation

The Council's directorate and corporate risk assessment criteria can be found at Appendix D.



5.2.2 Types of Risk Score

Using the risk assessment criteria, three different types of risk score can be assessed to fully understand and monitor the true nature and size of the risk: initial, target and current.

- **Initial Risk Score (pre-mitigation i.e., inherent risk)** - This is an assessment of the impact and likelihood of a risk based on its **current** status (worst case scenario).
- **Target Risk Score (post-mitigation)** - This is the desired impact and likelihood levels based on the amount of exposure the organisation, directorate or service is comfortable to tolerate (**after** additional controls have been taken into account).
- **Current Risk Score (risk score at review i.e., residual risk)** - This assessment illustrates whether the target score is on track to be achieved.

5.2.3 Summary Risk Profile (Heat map)

A heat map (Figure 3 - Summary Risk Profile) is a simple, visual tool that can be used in reporting to increase the visibility of risks and is a graphical representation of the information on the risk register; determined during analysis and scoring. A risk profile shows all key risks as one picture, so that managers can gain an overall appreciation of the total exposure to risk. The Council's corporate risk profile (below) shows the risk threshold and appetite which will immediately inform owners if mitigating action is required. The summary risk profile must be reviewed at least annually to reflect any changes in the Council's risk appetite statement and tolerable thresholds.

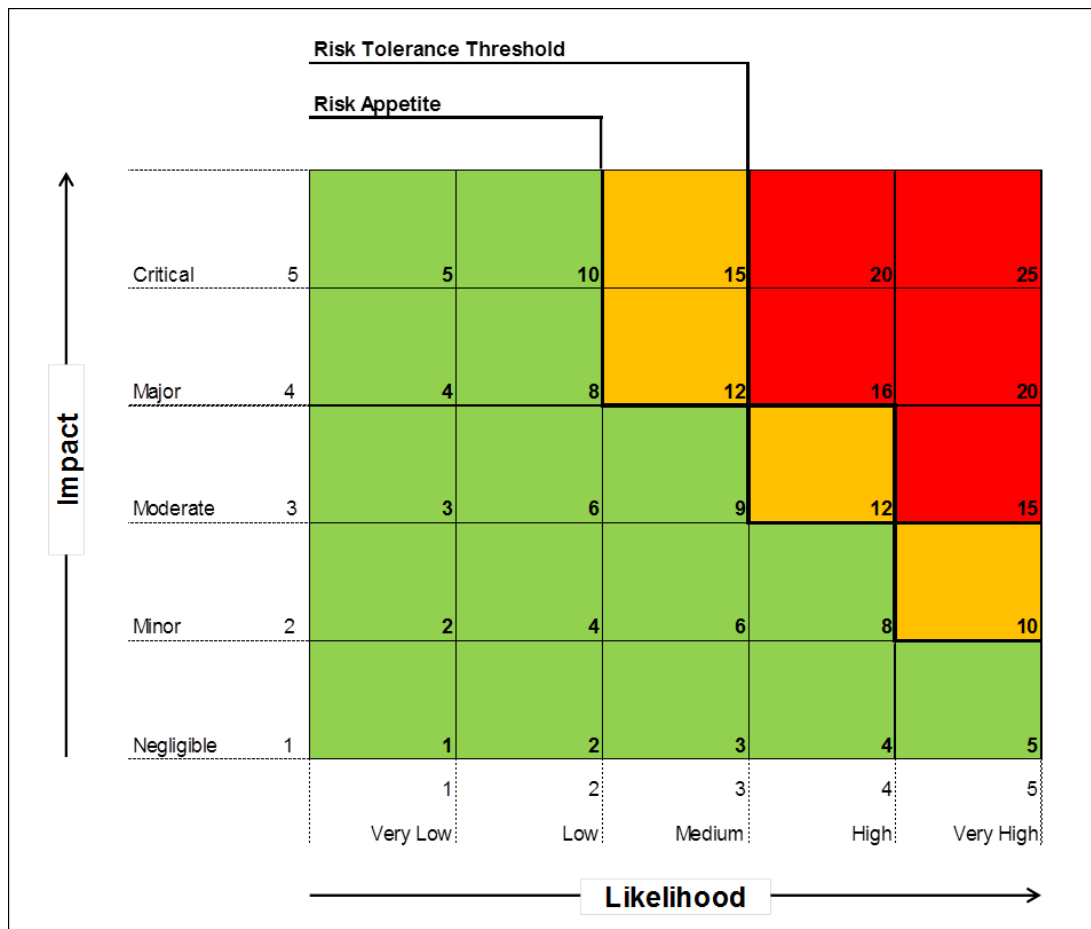


Figure 3 - Summary Risk Profile



Risk Assessment Rating			
Action Guide	Acceptable level of risk managed by routine controls at appropriate level.	Possible unacceptable level of risk exposure, requiring constant active monitoring and controls at appropriate level.	Unacceptable level of risk exposure requiring immediate corrective action to be taken at appropriate level.
Summary	Within risk appetite. Accept risk or manage/monitor.	Outside of risk appetite, but within tolerance threshold. May be tolerable but could look to reduce to within appetite.	Outside of risk appetite and outside of tolerance threshold. Requires immediate action to reduce to within tolerance threshold or risk appetite.

Figure 4 - Response Guide

5.3 Plan Responses

Once it has been determined that a risk requires additional action, a decision must be made on the best strategy that will enable the achievement of the target score.

5.3.1 Risk Response Strategies

Risk responses can be grouped into strategies as shown below in Table 1 - Risk Response Strategies

Risk Response Strategy	Examples
Tolerate Accept the risk / do nothing	<ul style="list-style-type: none"> • Cost of action disproportionate to the benefits gained • Limited ability to treat risk • Contingency plan is produced • Risk is within appetite or threshold and is tolerable
Treat Action taken to reduce impact or likelihood, or both	<ul style="list-style-type: none"> • Separation of duty. No one person can act without consent of another (remove single point of failure). • Produce contingency plan to reduce impact level • Wearing of protective clothing or training given
Transfer Reduce exposure of risk by transferring or sharing the risk	<ul style="list-style-type: none"> • Taking out insurance • Transfer to third party i.e., sub-contractor <p>Not all risks are fully transferred i.e., some risk to the Council may remain i.e., reputational</p>
Terminate Stopping the activities that gives rise to the risk	<ul style="list-style-type: none"> • Replace activity giving rise to the risk with an alternative activity <p>This strategy has limited use in the Council as termination of an activity may result in lack of service to the customer</p>



<p>Take the Opportunity</p> <p>Exploit the opportunity to deliver positive benefits / outcomes</p>	<ul style="list-style-type: none"> Undertake an action or manage a set of circumstances to increase likelihood of realising a positive outcome
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Table 1 - Risk Response Strategies

5.3.2 Risk Register

The risk register is owned by the manager for that organisational area and is a repository for all the risks that have an impact on the organisational objectives or activity.

5.3.3 Action Planning (Risk Treatment Plans)

Once the risk has been assessed, prioritised and response strategy determined; an action plan (risk treatment plan) is determined and should consider the following:

- **Response priorities** – understand the impact on other activities and availability of resources
- **Assign action owners** – to ensure individual or multiple risk responses are implemented
- **Prepare a schedule** – timeline to implement actions (agreed with action owner)

Part of the risk register, the action plan specifies the response strategy controls, assigning action owners to ensure the responses are managed, monitored, and reported.

5.4 Review and Report

The management of risk must be reviewed and reported on for two reasons:

- To monitor whether the risk profile is changing
- To gain assurance that risk management is effective
- To identify when further action is necessary

The risk owner should establish the frequency of the review and ensure that any significant

changes to the risk are reported or escalated to the appropriate levels.

The purpose of risk reporting is to present risk information in a consistent and timely manner, with the frequency and format to be determined by management needs, risk severity and organisational objectives.

The primary function of reporting on risk is to:

- Inform decision making
- Enable further analysis
- Provide oversight and opportunity to challenge

5.5 Communication and Learning

Communication and consultation should begin the instance the risk management process is entered into; with proportionate engagement with stakeholders (internal and external) paramount to successful data capture.

It is important to ensure that transferable lessons are learned and communicated to those who may benefit from them. This positive lesson will be captured and communicated across the Council for others, who encounter the same or similar risk, to have the benefit of this knowledge.

5.6 Project, Programme and Portfolio Risks

Project and programme risks are managed in the same way as other risks in the Council but there are slight differences in the approach. Risk registers or logs will still be maintained for risks to programmes or projects but will be appropriate to support the delivery of the work being conducted.

Any project, programme or portfolio should



align itself to the WSCC Risk Management Strategy; however, it should also have its own risk management guidelines, roles, and responsibilities.

Capital risks will continue to report to their respective boards; however, a summary of key risks will be viewed quarterly by ELT.

6 COMMUNICATION

6.1 Communication Levels

The Council's approach to risk management relies upon effective and consistent communication across all levels in the organisation. It is important to understand the communicative relationship between these levels to accelerate the forwarding or transferring of information. Further guidance can be found in the WSCC Risk Management Guide.

6.2 Escalation and De-escalation

A risk can be moved to a higher level in the organisation (escalated) for the following reasons:

- The risk becomes unmanageable
- The risk is outside of the appetite boundaries
- The risk remains very high after control measures have been implemented
- The risk impacts on more than one Directorate/project or programme/department
- The risk is directly related to an organisational objective

A risk can be moved to a lower level in the organisation (de-escalated) for the following reasons:

- The risk will only affect one Directorate/project or programme/functional area, and is better controlled locally
- The risk rating has decreased significantly or is not considered to be critical to the achievement of a strategic objective
- The risk can be controlled and managed at a lower level

It is important to consider the risk appetite of the level the risk is being de-escalated to as this could significantly impact how effectively it is managed (i.e., capability, resource).

Before a risk can be escalated or de-escalated, it must be clear who the risk owner is. If a new risk owner is identified, they must agree to this transfer of ownership and be contacted for a handover. At this point the risk should be re-evaluated to take into consideration the appetite of the new owner/level in the organisation.

Once a risk has been escalated or de-escalated it is removed from the preceding risk register as a risk should only be present on one risk register. There may be exceptions where a risk is required to be visible on more than one risk register; if this occurs, advice of the Corporate Risk Manager should be sought.

6.2.1 Escalation and De-escalation of Corporate Risks

On a quarterly basis the ELT will review the corporate risk register and discuss inclusions and deletions of risks proposed. Should a risk require urgent discussion and possible inclusion on the corporate risk register outside of this meeting, it is to be highlighted to the Corporate Risk Manager in the first instance. The Corporate Risk Manager will review the risk and facilitate a discussion with the Director of Finance, Performance and Procurement if required. If accepted this new risk will be assigned a new risk owner if required, articulated in the corporate risk register, and highlighted at the next quarterly ELT meeting.

6.2.2 Escalation and De-escalation of Directorate Risks

The escalation of risks to a directorate risk register should take place at the respective management team meeting. It is at the same meeting that risks can be removed from the directorate risk register; de-escalated to be managed at a service level or removed completely. The Corporate Risk Manager may be invited to attend to support risk capture and articulation; and to encourage effective conversation.



In addition, discussions regarding the escalation of an existing directorate risk to the corporate risk register should take place at this management team meeting. Should escalation be required, the details in para 6.2.1 are to be followed. The Corporate Risk Manager should be invited to attend management team meetings to support risk discussions, provide guidance and support, and advise on escalation.

6.3 Reporting

Risk reporting is the set of activities that ensures information on risk is captured, documented, communicated, and understood in a consistent way across the organisation. For this to be achieved, it is advised to create an opportunity at the management team meeting to collectively discuss key risks (not escalation initially). Risk reporting is used to provide visibility and understanding of risks to:

- Inform decision making
- Provide confidence to stakeholders
- Enable further understanding and analysis

An additional supporting document to the risk register can be produced in brief (or verbally delivered), to provide a clear representation of the current risk status. Suggested content of this is as follows:

- Highlighting key risks to the service/directorate/organisation
- What is being done to mitigate these key risks
- Emerging or new risks

6.3.1 Decision Reports

To ensure the assessments of propositions are effectively conducted, it is essential that all decision reports specify the risks associated with courses of action, including recommended mitigating actions. Tangible data specifying the impact/exposure should be included where possible. Further guidance is included within the decision report template.

7 GUIDANCE, EDUCATION AND TRAINING

Knowledge of how to manage risk is essential in embedding and maintaining an effective risk management system. The Corporate Risk Manager is responsible for developing workforce risk management capability across the organisation, through the provision of guidance, education, training, and support.

The risk management strategy and supporting guidance are reviewed and improved on a regular basis to ensure they meet the needs of the Council. Direct learning and e-learning packages of training have been developed and will be available and accessible to all Council staff. All learning needs analysis and subsequent training is developed and monitored in accordance with the Council's Learning and Development Policy.

A risk management intranet page has been developed so all documents to support the implementation of risk management can be centrally located. A blank risk register is available to download for editing purposes.

Specific training is available on request, on the following areas:

- Risk Management Process
- Risk register
- Scoring and grading
- Practical use of the register
- WSCC Risk Management Strategy

Further guidance on how to manage risk can be found in the WSCC Risk Management Guide (located on the risk intranet page).

8 QUALITY ASSURANCE

To ensure that the Council's risk management framework remains fit for purpose we continually review and update our risk management methodology. By embracing innovative ideas and changes to industry best practice, we can maintain a flexible framework to adapt to our changing operational



environment and economic conditions.

8.1 Internal Audit

Internal Audit will conduct a periodic review of the Council's risk management arrangements to provide independent assurance as to their effectiveness.

Through the course of the year Internal Audit will also:

- Identify and report weaknesses in the controls established by management to manage/monitor risks.
- Provide advice on the design/operation of the controls established by management to manage/monitor risk.

Internal Audit and RAAC will review the corporate risk register on an annual basis to inform the Internal Audit planning process.

8.2 Risk Maturity Assessments

The need for an assessment is still under consideration.

8.3 Annual Review

The risk management strategy, guidance and training materials are reviewed at least annually to ensure they continue to meet the needs of the organisation and incorporate the very latest industry best practice.



APPENDIX A GLOSSARY OF TERMS

Term	Definition
Assurance	An evaluated opinion, based on evidence gained from review, on the organisation’s governance, risk management and internal control framework.
Action Owner	Ensuring individual or multiple risk responses are implemented, with updates on developments reported back to the Risk Owner. The Risk Owner delegates responsibility to the Action Owner, but still maintains overall accountability for the risk.
Cause	The reason why the risk could happen; internal or external.
Consequence	Effects arising from the risk event measured through impacts e.g., finances, reputation.
Contingency Planning	Process of identifying and planning a secondary response should the planned outcome be ineffective or doesn’t reduce the risk to a tolerable level. Often used for potentially catastrophic risks.
Current Risk	Illustrates whether the target score is on track to be achieved taking into account the progress of the mitigating controls (existing and additional) and the current risk climate/context.
Emerging Risk	New or evolving risks that are difficult to characterise or assess now due to limited information being available, and/or lack of prior experience of the specific type of risk.
Event	Incidents or occurrences that arise from the cause.
Horizon Scanning	Systematic activity designed to identify, as early as possible, indicators of changes in risk.
Impact	Estimate of the potential severity of the effect on objectives, should the risk occur i.e., financial, reputational, safety.
Initial Risk	An assessment of the impact and likelihood of a risk based on its current status whether there are no mitigating controls or actions in place, or the existing controls or actions do not work as intended. This assessment determines the ‘worst case scenario.’
Likelihood	Estimate of the probability of a risk occurring.
Proximity	Identifying a point in time when the risk is likely to happen.
Risk	An uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives.
Risk Assessment	The evaluation of risk regarding the impact if the risk is realised and the likelihood of the risk being realised.



Term	Definition
Risk Assessment	The evaluation of risk regarding the impact if the risk is realised and the likelihood of the risk being realised.
Risk Categories	Defined groupings of risk based on the Council's services and activities.
Risk Description	A description of the cause, event, and consequence of the risk to enable likelihood and impact to be assessed, and effective controls to be determined.
Risk Management	Coordinated activities that allow individual risk events and overall risk to be understood and managed proactively, optimizing success by minimizing threats and maximizing opportunities.
Risk Owner	The individual who is accountable for monitoring the risk and ensuring mitigating actions are being carried out.
Risk Register	A repository for capturing and recording risks and associated information.
Risk Actions/Mitigations	An activity or measure that is expected to reduce the impact or likelihood of a risk event.
Secondary Risk	An additional risk that may materialise as a direct result of implementing a risk response
Target Risk	The desired impact and likelihood levels based on the amount of exposure the organisation, directorate or service is comfortable to tolerate It requires the assessment of the impact and likelihood of a risk after additional mitigating controls have been taken into account.

(*adapted from HM Treasury Orange Book)



APPENDIX B RISK CATEGORIES

Categories	Description
<p>Political</p>	<p>Global, European, national, sub-regional or local politics.</p> <p>Consider election cycles, policy direction, political reorganisations, political relationships and styles, activism, war, and terrorism.</p>
<p>Governance</p>	<p>Corporate governance and decision-making arrangements.</p> <p>Consider the constitution, codes of conduct, leadership, culture, and behaviours, checks and balances, and member-officer relations.</p>
<p>Managerial/ Professional</p>	<p>Managerial and professional needs & situation.</p> <p>Consider recruitment and retention, succession planning, management style, management systems (e.g., project management, performance management), staffing, reliance on interims/agency staff/consultants, morale, capacity, skills, professional judgement, absence management, grievance and disciplinary policies, and employee relations.</p>
<p>Legislative/Regulatory</p>	<p>Current and future legislative & regulatory arrangements.</p> <p>Consider new and pipeline legislation and the Council's audit and regulatory environment. May also relate to the Council's own legal and regulatory powers.</p>
<p>Competitive</p>	<p>Current and future market situation and the Council's competitors.</p> <p>Consider exposure to the market, competitiveness/value for money of services, spotlight seeking (for pathfinders, awards, etc.) and competition with nearby or benchmark organisations.</p>
<p>Reputation</p>	<p>Council's reputation with government, partners, the media, and the public.</p> <p>Consider loss resulting from damages to the Council's reputation; increased operating, capital, or regulatory costs; consequences to an adverse or potentially criminal event even if the Council is not found guilty.</p>
<p>Economic</p>	<p>Current and future economic situation.</p> <p>Consider global, national, and local economy (e.g., economic cycles, the economic base, employment and earnings patterns, migration, and inflow patterns).</p>
<p>Social</p>	<p>Current and future social situations and decisions.</p> <p>Consider global, national, and local demographics and social trends (like age profile, ethnic profile, health trends, crime trends, skills base and educational provision and attainment).</p> <p>Also consider impact of adopting/implementing a particular service or product.</p>



Categories	Description
<p>Environmental</p>	<p>Potential harm to the environment caused by the Council or partners activities, current infrastructure, or controls.</p> <p>Consider the physical environment (e.g., like waste, drainage and flooding, disease, pollution, contamination, seismic activity, air quality, water quality, energy use and efficiency, noise).</p>
<p>Customer/ Citizen</p>	<p>Customer expectations and satisfaction.</p> <p>Consider the need to meet changing needs and expectations of the public and employees. It also covers complaints and litigation culture.</p>
<p>Partnership/ Contractual/ Supplier</p>	<p>Council's partnerships, contracts, and supply chain.</p> <p>Consider procurement, contract and relationship management, governance, funding, skills, quality, and effectiveness.</p>
<p>Technological</p>	<p>Threats to assets and processes to maintain effective business operations.</p> <p>Consider strategy, innovation, obsolescence, the nature of systems, support, maintenance, access, security, data protection and reporting.</p>
<p>Financial</p>	<p>Financial situation, constraints, processes, and systems.</p> <p>Consider the adequacy of funding, gearing, financial planning, financial delegations, budgetary control, monitoring and reporting, commitments, cash and treasury management, taxation, pension funds, insurance.</p>
<p>Legal</p>	<p>Potential for losses due to legal or regulatory action.</p> <p>Consider compliance with legislation and its legal advice and support.</p>
<p>Physical</p>	<p>Potential of harm due to inadequate/unsuitable products or associated management.</p> <p>Consider the asset base (i.e., buildings, vehicles, drainage, highways, bridges, plant, and equipment) and its health & safety and security systems.</p>



APPENDIX C ROLES AND RESPONSIBILITIES

Role	Responsibility
Cabinet – Leader and individual Cabinet Members	<ul style="list-style-type: none"> Assurance and performance management of Council Plan and budget (Revenue and capital), seeking assurance that corporate risk is effectively managed
Chief Executive	<ul style="list-style-type: none"> Approve the Risk Management Strategy Accountable to the County Council for the effectiveness of corporate risk management
Regulations, Audit & Accounts Committee (RAAC)	<ul style="list-style-type: none"> To monitor the effectiveness of risk management arrangements, including annually agreeing the Council’s risk approach as detailed in the Risk Management Strategy
Elected Members and Scrutiny Committees	<ul style="list-style-type: none"> To undertake the scrutiny of proposed decisions and the performance of the Council’s services against the agreed outcomes, objectives, and measures; including the scrutiny of how effectively relevant corporate and service risks are managed
Executive Leadership Team (ELT)	<ul style="list-style-type: none"> Manage the Corporate Risk Register Ensure all Directorate risks and action plans are up to date Provide assurance of compliance with the risk management strategy Periodically review and update the Council’s risk appetite
Directorate Leadership Team (DLT) - also referred to as either Senior Management Team (SMT) or Senior Leadership Team (SLT)	<ul style="list-style-type: none"> Ensure corporate risks in their respective business area are kept up-to-date and record the current risk exposure Ensure adherence with the Risk Management Strategy Take ownership of risks within their directorate and ensure risk registers are regularly discussed, reviewed, updated, and escalated as appropriate Promote the benefits of effective risk management
Director of Finance and Support Services	<ul style="list-style-type: none"> Overall management of all arrangements for an effective risk management function Approver for escalation and de-escalation of risks to/from the corporate risk register (outside of ELT schedule)
Director of Law and Assurance	<ul style="list-style-type: none"> Assurance of the Councils risk management function in accordance with industry best practice
Service Managers	<ul style="list-style-type: none"> Manage risks effectively in their service area, in accordance with the risk management framework Where necessary escalate risks; and accept de-escalated risks Ensure their staff have an understanding and training on risk management Promote the benefits of risk management across their service and communicate the corporate approach to managing risk



Role	Responsibility
<p>Employees</p>	<ul style="list-style-type: none"> • Manage risk as part of their job and report risks to their managers • Develop understanding of risk management across the Council • Maintain awareness of risks, their impact, and costs, and manage these through the adopted risk management process
<p>Corporate Risk Manager</p>	<ul style="list-style-type: none"> • Manage the administration of risk management and review and develop the strategy and process in accordance with best practice • Provide advice and support to the Executive and Directorate Leadership Teams, and Service Managers on the identification, analysis, prioritisation, and progress of risk • Develop guidance, tools, and training to support the business to manage risk effectively • Report on the identification and progress of strategic risks to the Regulations, Audit & Accounts Committee (RAAC)
<p>Internal Audit</p>	<ul style="list-style-type: none"> • To provide reasonable assurance over the organisation's framework of risk management. • Through their risk-based approach contribute to the wider assurances that controls to mitigate key risks are operating effectively.



APPENDIX D RISK ASSESSMENT CRITERIA

Risk Likelihood Criteria			
Likelihood	Score	Frequency	Description
Very High	5	Common occurrence at WSCC or other local authorities.	There is strong evidence (or belief) to suggest that the risk will occur during the timescale concerned.
High	4	Has occurred at WSCC or other local authority many times.	There is significant evidence (or belief) to suggest that the risk will occur during the timescale concerned.
Medium	3	Has occurred at WSCC or other local authority several times.	There is some evidence (or belief) to suggest that the risk may occur during the timescale concerned.
Low	2	Has occurred at WSCC or other local authority on a small number of occasions.	There is little evidence (or belief) to suggest that the risk may occur during the timescale concerned.
Very Low	1	Has occurred at WSCC or other local authority once/never.	There is no evidence (or belief) to suggest that the risk may occur during the timescale concerned.



Risk Impact Criteria						
Domain	Impact Area	Impact				
		5	4	3	2	1
		Critical	Major	Moderate	Minor	Negligible
Purpose	Objectives	Critical failure or delay in delivering key Council objectives and national policies.	Major failure or delay in delivering Council objectives and national policies.	Moderate failure or delay in delivering Council objectives and national policies.	Minor failure or delay in delivering Council objectives and national policies.	Insignificant failure or delay in delivering Council objectives and national policies.
	Service	Loss of key service >14days.	Loss of key service 7-14 days.	Loss of key service for <7 days.	Minor service interruptions.	Insignificant service interruptions.
	Programmes	Associated service loss for a significant period. Project(s) on hold or terminated. Failure to meet project acceptance criteria.	Significant disruption to any associated service activity. Significant impact on project(s) acceptance criteria.	Disruption to any associated service activity. Impact on project(s) acceptance criteria.	Minor disruption to any associated service activity. Minor impact on project(s) acceptance criteria.	Failure to meet a minor acceptance criterion, but does not disrupt project(s) or any service activity.



Risk Impact Criteria						
Domain	Impact Area	Impact				
		5	4	3	2	1
		Critical	Major	Moderate	Minor	Negligible
Property	Infrastructure	Long term infrastructure damage	Medium term infrastructure damage	Some medium-term infrastructure damage	Minor, short term infrastructure damage	Negligible infrastructure damage
	Environment	Long term environmental damage	Medium term environmental damage	Some medium-term environmental damage	Minor, short term environmental damage	Negligible environmental damage
Pounds	Financial (inc. claims and revenue)	Losses >£1m Loss of more than 35% of service budget >30% increase in project/programme budget (not including allocated/planned contingencies)	Losses £501k to £1m Loss of 20-35% of service budget 15-30% increase in project/programme budget (not including allocated/planned contingencies)	Losses £151k to £500k Loss of 10-20% of service budget 10-15% increase in project/programme budget (not including allocated/planned contingencies)	Losses £51k to £150k Loss of 5-10% of service budget 5-10% increase in project/programme budget (not including allocated/planned contingencies)	Losses < £50k Loss of up 5% of service budget <5% increase in project/programme budget (not including allocated/planned contingencies)



Risk Impact Criteria						
Domain	Impact Area	Impact				
		5	4	3	2	1
		Critical	Major	Moderate	Minor	Negligible
People	Safety	Incident leading to death. Multiple permanent injuries or irreversible health effects.	Major injury leading to long-term incapacity/disability. Requiring time off work for >14 days.	Moderate injury requiring professional intervention. Requiring time off work for 4-14 days.	Minor injury or illness, requiring minor intervention. Requiring time off work for <4 days	Minimal injury requiring no/minimal intervention or treatment. No time off work.
	HR	Non-delivery of key objective/service due to lack of staff. Ongoing unsafe staffing levels or competence. Loss of several key staff. No staff attending mandatory training on an ongoing basis.	Uncertain delivery of key objective/service due to lack of staff. Unsafe staffing level or competence (>5 days). Loss of key staff. Very low staff morale. No staff attending mandatory/ key training.	Late delivery of key objective/ service due to lack of staff. Unsafe staffing level or competence (>1 day). Low staff morale. Poor staff attendance for mandatory/key training.	Low staffing level that reduces the service quality.	Short-term low staffing level that temporarily reduces service quality (< 1 day).



Risk Impact Criteria						
Domain	Impact Area	Impact				
		5	4	3	2	1
		Critical	Major	Moderate	Minor	Negligible
Profile	Statutory/ Legal	Multiple breaches in statutory duty. Serious findings by audit/inspection; serious court enforcement or prosecution.	Major findings by audit/inspection. Court enforcement or prosecution.	Significant findings by audit/inspection. Minor court enforcement or prosecution.	Minor findings by audit/inspection. Minor court enforcement or prosecution.	Insignificant findings by audit/inspection.
	Reputational	Prolonged adverse national media coverage. Long term reduction in stakeholder confidence. Intervention by commissioners.	Some adverse national media or prolonged local media coverage. Medium term reduction in stakeholder confidence.	Some adverse local media coverage. Short term reduction in stakeholder confidence.	Some adverse local media coverage. Element of stakeholder concern.	Local interest/rumours. Potential for stakeholder concern.

Report to Regulation, Audit and Accounts Committee

14 July 2023

Annual Governance Statement 2022/23

Report by Director of Law and Assurance

Electoral division: Not applicable

Summary

This report introduces the draft Statement for 2022/23, attached at Appendix A. It also provides an update on the Annual Governance Statement Action Plan for 2021/22.

Recommendations

That the draft Statement for 2022/23 be noted, subject to any comments from the Committee.

Proposal

1 Background and context

- 1.1 The Accounts and Audit Regulations require the publication of an Annual Governance Statement (AGS). This draft statement has been produced in line with guidance issued in 2016 by the Chartered Institute of Public Finance and Accountancy (CIPFA) / SOLACE on best practice for developing and maintaining a locally adopted Code of Governance. A Code of Governance was approved by the Governance Committee at a meeting on 7 February 2022.
- 1.2 Corporate governance is the process by which the County Council ensures and gives assurance that it is doing the right things, in the right way, in a timely and accountable manner. It comprises the systems, processes, culture and values by which the County Council operates and through which it accounts to its communities.

2 Proposal details

- 2.1 The draft West Sussex County Council AGS for 2022/23 outlines:
 - the scope of governance responsibilities
 - the purpose of the governance framework
 - a description of the governance framework
 - arrangements for review of the effectiveness of the governance framework
 - governance issues that need to be addressed.
- 2.2 Information is gathered from several sources, internally and externally. The Executive Leadership Team considered the draft AGS and actions and supports the contents and actions. It has to be presented to this Committee for

consideration alongside the Statement of Accounts for approval. Due to ongoing matters relating to external auditors at a national level, it is not expected that the audit will be concluded until later in 2023, so the final version of the Statement cannot be agreed until then.

- 2.3 The 2022/23 Annual Governance Statement provides an update on areas recommended for improvement. Progress against the recommendations on the issues identified for improvement including the improvements required to Children’s Services and Fire and Rescue Service are set out in the report and includes information following positive outcomes of inspections on the services conducted during the year. The Action Plan for 2021/22 is also attached as Appendix B, showing the majority of actions as completed. Where matters are still ongoing, this is reflected within the new AGS for 2022/23.
- 2.4 The County Council is required to comply with the Financial Management (FM) Code which CIPFA published in 2019. The Code provides guidance for good and sustainable financial management in local authorities and assessment against it provides assurance that authorities are managing resources effectively. The FM Code is based on a series of principles. It does not prescribe the financial management process local authorities should adopt but it requires an authority to demonstrate that it satisfies the principles of good financial management relevant to its size, responsibilities, and circumstances. The principles and standards of the code are set out in Appendix C.
- 2.5 Officers in Finance undertook a self-assessment during 2022 and presented this to the Executive Leadership Team. This concluded that the Council does comply with the code. Areas where improvements can be made and a progress update are also set out in Appendix C.

3 Other options considered (and reasons for not proposing)

- 3.1 Not applicable.

4 Consultation, engagement and advice

- 4.1 The external auditor will be consulted on the draft Annual Governance Statement as the audit of accounts progresses.

5 Finance

- 5.1 Not applicable.

6 Risk implications and mitigations

Risk	Mitigating Action (in place or planned)
There are risks from services failing to deliver the action plan	Individual directorates, the Executive Leadership Team and this Committee, monitor these risks.
There are reputational risks from a failure to adopt a comprehensive AGS and action plan	This plan is ready for approval and has the commitment of the senior leadership team who will be responsible collectively for its implementation.

7 Policy alignment and compliance

- 7.1 The Statement is aligned with the Code of Governance.

Tony Kershaw

Director of Law and Assurance

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Appendices

Appendix A - Annual Governance Statement 2022/23

Appendix B - Annual Governance Statement 2021/22 Action Plan

Appendix C - Financial Management Code - Assessment of Compliance

Background papers - None

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West Sussex County Council Annual Governance Statement 2022/23

Executive Summary

The Annual Governance Statement (AGS) explains the processes and systems of the County Council's discharge of its responsibilities so as to give assurance for their effectiveness. It covers the period 1 April 2022 to 31 March 2023.

Work has continued to provide greater clarity in areas of council governance identified through the good governance project initiated in early 2020. Recent external inspections have confirmed that significant progress has been achieved in improving governance arrangements and the positive impact of this on the delivery of services.

A summary of assurance is given for each of the seven principles on which the Statement is based. At the end of the narrative for each principle are the actions to address issues to further strengthen the Council's governance.

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 a Code of Governance aligned with the principles of the Chartered Institute of Public Financing & Accounting (CIPFA) Framework: Delivering Good Governance in Local Government. It also meets the requirements of the Accounts and Audit Regulations 2015. A new Code of Governance was agreed by the Governance Committee in February 2022.
3. The governance framework comprises the rules, procedures, systems and processes by which the Council is managed and controlled. The quality of the framework and how well it is used underpin trust in public services. This Annual Statement shows how the Council gives assurance to members, partners, stakeholders and residents that its governance arrangements are robust.

Financial Management Code

4. The County Council is required to comply with the Financial Management (FM) Code which CIPFA published in 2019. The Code provides guidance for good and sustainable financial management in local authorities and provides assurance that authorities are managing resources effectively. The FM Code is based on a series of principles. It does not prescribe the financial management process local authorities should adopt but it requires an authority to demonstrate that it satisfies the principles of good financial management relevant to its size, responsibilities, and circumstances. A self-assessment took place in 2022 and the Council complies with all the principles of the Code as set out in Appendix C. However, in all areas there is potential for further improvements and to further embed good financial management and which will be the focus on 2023.

The Governance Assurance Framework Principles

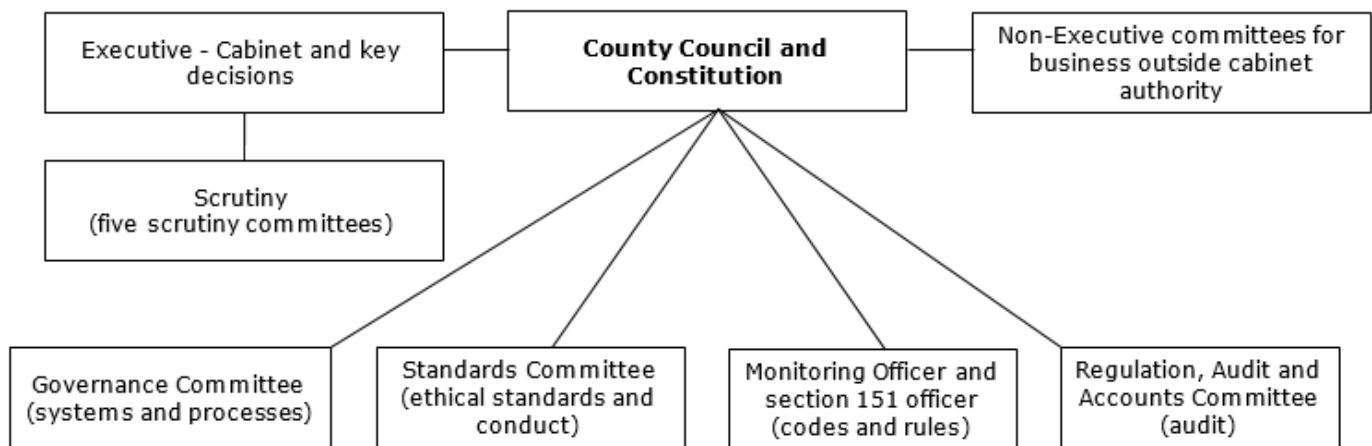
5. The seven principles of Corporate Governance adopted by the Council are set out below. Assurance for how they are met is provided in the text below each principle. Further work to be done is highlighted and set out in the appendix.

Principle	Description of Principle
A	Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
B	Ensuring openness and comprehensive stakeholder engagement
C	Defining outcomes in terms of sustainable economic, social and environmental benefits
D	Determining the interventions necessary to optimize the achievement of the intended outcomes
E	Developing the entity’s capacity including the capability of its leadership and the individuals within it.
F	Managing risks and performance through robust internal control and strong public financial management
G	Implementing good practices in transparency, reporting and audit to deliver effective accountability.

The County Council’s Governance Framework

6. 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



Notable Challenges in 2022/23

7. The County Council has continued to deliver its services as the nation continued to recover from the pandemic and during a period of rising inflation and global events which have had a significant impact on supplies and service costs as well as fuel cost increases and other factors driving inflation and supply chain disruption. The Council has had to manage a range of service pressures and community support demands arising from the impact of the cost of living for residents. The Council has been proactive in responding to the need for assistance for refugees and drawing on County resources as well as government funding in a complex and ever changing set of expectations.

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

Assured

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. Action was taken 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 2019 Children's Commissioner's report are addressed as are actions taken through the Council's 'Good Governance' project.

8. 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' section (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 in the Constitution and define the constraints on the exercise of authority.
9. 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 specialist officers and internal guidance, financial regulations standing orders that should ensure compliance with these policies.
10. The statutory roles of the Chief Financial Officer (s.151 officer) and Monitoring Officer are set out in the Constitution and in the scheme of delegation. These officers provide oversight of propriety, lawfulness, ethical conduct and financial prudence. 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.
11. The **codes of conduct** define the standards of behaviour for members and officers. All members undertake training from the Monitoring Officer on the code of conduct and this was carried out successfully following the county council election in May 2021. A revised Code of Conduct was approved by the County Council on 16 December 2022, on the recommendation of the Standards Committee, which brought the Council's Code into line with a model code produced by the Local Governance Association.
12. 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 interest declarations. It is a standing item on all formal meeting agendas for both officers and members. The register is published and regularly updated.

13. The Council has a **whistleblowing policy** as a route for challenges to processes or actions within the Council where complainants need confidentiality. The use and effectiveness of the policy is overseen by the Standards Committee. Following its refresh in 2020 action has been taken to improve its accessibility and visibility for staff and to provide advice and guidance to officers responsible for dealing with referrals under the policy. This has included independent assurance and benchmarking for the Council's arrangements. This has relevance for the Council's commitment to a fair, open and responsive internal culture.
14. Officer interests, including gifts and hospitality, are recorded and should be published on the County Council's website annually. Mechanisms for recording officer interests, gifts and hospitality are in place. It requires regular action by Directors to update the records to enable publication and 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. Action will be taken to make the recording and publishing of interests simpler and the County Council expects to see an improvement in reporting and publication during 2023/24.
15. 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 on behalf of the Executive Leadership Team (ELT). This provides a single process for procurement planning, compliance with due process and consistency of best practice. Some elements of these are being addressed as part of the 'streamlined decision-making' workstream from the good governance review – the aim being to make aspects of procurement activity simpler and more accessible to officers engaged in commissioning.
16. 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 and any adjustments to current delegations being within the authority of these two senior officers meaning that the scheme is fully up to date at all times and provides a reference for the schemes of onward delegation from Directors to their direct reports.
17. The Chief Executive commissioned an external review of governance in 2020. This 'good governance' work provided an opportunity to review areas of governance and to address inconsistencies or ineffectiveness in policy or practice and as part of the Council's culture, including its arrangements for ensuring compliance. The new Code of Governance was approved by the Governance Committee in February 2022 and is published. An officer guide to council governance and decision-making has also been developed as a single accessible source of guidance to officers on Council governance. It has been widely disseminated and also provides a source for officer training on governance.

Note on Teachers' Pensions Enrolment Breach

18. In June 2021 the Council notified the Pensions Regulator of a breach of the Teachers' Pension Regulations. This related to a failure over a number of years to auto-enrol some part time and casual teaching staff onto the teachers' pension scheme as required following a change to the regulations in 2007. The

Council appointed an external adviser to investigate the extent of the breach. During 2021/22, the Council continued to make progress to identify those individuals in scope, although it was not possible to accurately quantify the obligation to the Council for inclusion in the 2021/22 accounts. The individuals identified as potentially in scope were advised in writing of progress in both March 2021 and February 2022. As at 31 March 2023 the exercise is still ongoing and it is unlikely that the Council will be in a position to quantify the obligation in the 2022/23 accounts published by 31 May 2023. Work will continue with the expectation of the issue being fully resolved by March 2024.

Principle A (integrity and compliance)

Action	Owner
i. To ensure full implementation of arrangements for the registering and publication of officer interests	Director of Law and Assurance (L&A)
ii. To ensure full implementation of the plan to address the Teachers Pension Breach	Director of Finance and Support Services (F&SS)

B: Ensuring openness and comprehensive stakeholder engagement

Assured

The County Council has clear decision-making processes and rules and procedures to enforce them which emphasise openness and transparency. This has been tested and shown to be resilient during the pandemic and its impact on ways of working and change to service pressures.

Compliant standard consultation and engagement mechanisms are in place and are used effectively.

The County Council exists to serve its residents and is dependent on a wide range of stakeholders for working effectively in partnership. Work is underway in a number of areas to improve the Council's partnership arrangements.

The approach to partnership working in specified areas, most significantly joint commissioning with the NHS, continues to be reviewed and reappraised as part of a strategic review of Adults Services and its focus on commissioning arrangements, following the launch of the NHS Integrated Care System.

Decision-making and Scrutiny

19. The **County Council** is the senior 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 internal scrutiny, reviewed annually.
20. The **Executive** (leader and cabinet) takes decisions on most matters of Council policy and service delivery. Most cabinet level decisions are taken collectively and, when this happens it takes place at a meeting in public. 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 by the non-executive member. Scrutiny committees are politically proportionate. Chairmen and vice-chairmen are appointed by the relevant committee. They also meet in public and are webcast.

21. As well as the Cabinet, the Scrutiny committees undertake quarterly performance monitoring of the Council's corporate priorities, provide input into policy development and ensure significant decisions or proposals are scrutinised in public ahead of consideration by Cabinet. Proposals may also be called in for scrutiny after a decision has been proposed in final form. An annual report of scrutiny activity is presented to the County Council each summer, setting out best practice and highlighting key aspects of the scrutiny committees' work.
22. An Executive-Scrutiny Protocol was agreed by the Council's Governance Committee in September 2022, in line with the national guidance on overview and scrutiny in local authorities. This describes the working arrangements between the Cabinet and Scrutiny at the Council, complementing the code of Governance and the rules and procedures in the Constitution. It provides a framework for how they will work together most effectively and will be monitored by scrutiny committee chairmen and the Cabinet, with a full review by the Governance Committee after one year.
23. All scrutiny committee meetings take place in public and are webcast live. Other meetings of significant public interest are webcast, including the County Council, Cabinet, Planning and Rights of Way Committee and the Health and Wellbeing Board. Webcasts are available to view for up to six years.
24. **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 gives the public, press and elected members notice of forthcoming key decisions and is used by scrutiny committees to help plan their business. As decisions become more significant in terms of service changes and policy proposals there is a greater need to ensure early awareness by and engagement for all members and scrutiny committees use their business planning groups (a smaller group of committee members) to help ensure the right focus of business.
25. **Decision-making** operates with a presumption of openness. Cabinet and Committees are held in public and individual executive decisions by cabinet members or senior officers in accordance with the scheme of delegation 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. Any 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 after senior officer advice.
26. 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 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 when urgent action is used. This system is not conducive to openness and transparency and its use is kept to a minimum and any key decisions taken in this way are reported for noting to the next County Council meeting. A full review of urgent and short notice decisions was undertaken in August 2022 to simplify and clarify the relevant rules and procedures. As a result of this, a new set of Standing Orders on urgent and short notice decisions was incorporated into the Constitution after approval by the Council in October 2022.

Working Virtually

27. **Virtual Working** Since June 2021 all formal council and committee business has been fully compliant with the statutory framework requiring physical meetings in public. Some non-decision making meetings have continued to be held virtually in 2022-23 but decision-making arrangements were largely unaffected. The County Council prioritises transparency and democratic accountability and member committees had a full programme of meetings. Virtual briefings for councillors and digital engagement activities have taken place with stakeholders and witnesses advising committees, with learning from these arrangements to be built into future ways of working. The Governance Committee has reviewed meeting arrangements with a focus on ensuring openness and transparency and the best use of resources.
28. **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 an ambition to extend digital access to more customer transactions (i.e. online services for residents) is being pursued as part of plans for service improvement and re-design to support residents' needs and preferred ways of doing business. Progress will be monitored. A new website planned for late 2023. A new digital contact management system for customer contact and transactions was implemented smoothly in autumn 2022 and will be further developed to ensure the full benefits are realised during 2023. Public consultation on policy and service proposals is addressed below.

Stakeholders and Partnership

29. The County Council works with a range of stakeholders. This includes other 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 and local economic and place-based 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). The governance of and scrutiny route for the council partnership to manage and deliver the retained business rate pool, refreshed each year are well established.
30. Regular meetings with other partners, most notably the NHS Integrated Care System (ICS), 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. These

will be the subject of a comprehensive review during 2023/24 to ensure they meet the respective needs and obligations of the partners.

31. The terms of reference and membership of the **Health and Wellbeing Board**, the principal forum for health and social care liaison and partnership, were last revised in 2022 to take account of the changes linked to the establishment of the ICS. The Board plays a critical role in the development and confirmation of the strategic planning of the ICS. 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.
32. Improvements have continued in the partnership arrangements for **Children's Services**, with a more effective focus on partnership and joint working. The Council has continued to manage its services following external verification of the significant improvement in corporate governance of the service. Ofsted carried out a full service inspection in March 2023 and the result, published on 11 May 2023 found that the Council had improved its services to an overall 'Requires Improvement' rating, but with 'Good' elements, including in leadership and management. This should provide greater reassurance for and grounds for confidence in the partnership working which is critical to service effectiveness.
33. **County Local Forums** as a mechanism for elected member engagement with local communities were abolished in autumn 2022 following a one year trial. Councillors concluded that they are best placed to engage with residents and relevant groups in their local areas as a personal level.
34. The County Council is committed to working in partnership with residents, businesses, communities, the voluntary and community sector and local authority partners. There are agreed partnership principles with the voluntary sector for the commitment to more effective ways of working together, building stronger alliances and empowering joint action. Significant partnership work was undertaken in response to the pandemic, helping to strengthen and build on these relationships.
35. The key internal services of Internal Audit and Pensions Administration are provided in partnership with Hampshire County Council. Governance arrangements for the Hampshire Partnerships are subject to partnership agreements which set out how each partner in the respective arrangements will proportionately share costs, benefits and liabilities of the joint services. All partners, including the Council, are engaged in taking forward the strategic governance and oversight of the partnerships and details are set out in the respective partnership agreements.

Consultation and engagement in West Sussex

36. 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.
37. 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. Whilst these arrangements and the tools used to support them are in place, there may be a need to ensure that they are used consistently and that it's clear when such consultation is needed.

38. **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. There will be a need however to test whether all projects that would or should benefit from this approach are doing so and this will include the development of the annual budget and the Council Plan priorities.
39. Formal consultation will generally only be undertaken where there is a statutory duty or legitimate expectation, or 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](#), related to land-use planning. Individual services are required to maintain open channels of communications with relevant stakeholder groups and representative bodies where relevant to service planning.
40. All formal public consultations and engagement projects are made accessible online using the ['Your Voice' engagement hub software](#). They are also published on the County Council's news and press release webpages and are highlighted in the residents' e-newsletter. 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. Internal guidance on the Consultation, Engagement and Research portal has been refreshed in 2022.
41. The information gathered is analysed and considered as part of decision-making. The protocol can be found in the [Constitution](#). Analysis reports and decisions are made available on the ['Your Voice' engagement hub webpages](#) as a means of closing the 'feedback loop' and increasing trust in decision-making processes.
42. Action was taken to increase the effectiveness of public engagement and communication, including raising awareness of the need to ensure that all projects comply with new online accessibility legislation. Work on improving understanding of, and compliance with the public sector equality duty has been completed and will be reinforced using guidance, best practice and focused training in areas in which risks have been identified. The 'About You' socio-demographic template used by the Council has been updated to align with the Office of National Statistics 2021 Census data.
43. The County Council's **Petitions Scheme** describes how petitions from residents are dealt with by the Council. These enable a petitioner to speak with a cabinet member or at a committee, or to address a meeting of the County Council if prescribed thresholds for numbers of signatures are reached. A response is made to each petition, explaining what the Council will or will not do.

Governance Review and issues for Assurance

44. Significant improvements have been achieved in Children’s Services and the Fire and Rescue Service, which have received external inspection outcomes confirming that both services are moving in a positive direction. While workstreams will continue in both services, the significant governance actions monitored through the AGS in the last few years are now concluded. Note in particular the position of children’s services summarised in paragraph 32 above.

Principle B (openness and engagement)

Action	Owner
i. To ensure the consistent use and application of the corporate consultation and engagement tool	Director of L&A
ii. To review the use of resident consultation and engagement for budget and Council plan development.	Director of L&A

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

Assured

The County Council has settled arrangements to define priority outcomes and monitor performance against agreed targets. These are set within the context of its strategic aims for supporting the economy, complement the social value policy of the Council and are settled against an ambition to address sustainability to support the Council’s climate change commitments.

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 comprehensive performance monitoring arrangements in place.

The Council Plan was originally adopted by the Council at its meeting in February 2021 following extensive member engagement in identifying service priorities and how best to monitor their achievement. It covers the period 2021-25 and is refreshed each year. Performance has been monitored in a structured, timely and transparent way by the leadership team and by members in public in the Cabinet and through scrutiny.

These corporate outcomes and the measures for their delivery are, as a matter of course, considered in the preparation of Directorate and service plans and in all significant decisions, the latter being recorded at the point of publication.

45. The Council Plan 2021-2025 outlines the priorities for the County Council and how they are to be assessed in terms of delivery and measures to monitor performance. It was approved by the County Council in February 2021 and is subject to programmed quarterly performance monitoring. The Plan was developed by the Cabinet and the Executive Leadership Team with the extensive engagement of elected members, scrutiny committees, partners and staff at all levels. Member oversight of the plan takes place in public and the plan is subject to annual review at the Council meeting which considers and approves the

Council's budget and capital programme. The second review took place at the County Council meeting in February 2023.

46. The Council Plan is implemented through the Directorate Business Planning process. In July 2023 the Council will publish its Medium Term Financial Strategy which will set out the financial framework for delivering the Council Plan. Comprehensive performance reports by the Cabinet and scrutiny committees is undertaken through the **Performance and Resources Report** which includes financial monitoring information covering both revenue and capital and other corporate performance data on staffing and corporate risk management.
47. Detail of its use and the data monitoring and analysis undertaken by the Council are covered in section D. Active monitoring of performance is undertaken through regular reviews of business plans by Directorate Management Teams and with all staff through individual performance conversations which also cover staff development. This is also covered in Section D (59-60 below).
48. There will be a continuous review of how well the Council's performance is monitored by officers and by members, both executive and scrutiny during the year ahead. This is to ensure member 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.

The Council and the local economy

49. 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 through supporting local businesses and place based and community initiatives. The **Economy Plan**, adopted in November 2020, sets out the County Council's priorities in supporting the resilience and prosperity of the county. The published Plan covers the period 2020 to 2024 and has nine priority themes setting out where the Council will focus its efforts and resources. It is subject to annual or more frequent review and refresh.
50. Partners and stakeholders contributed to the development of the Plan, including district and borough councils, the Coast to Capital Local Enterprise Partnership, the South Downs National Park Authority, further and higher education institutions, and business organisations. Working with these partners is crucial in the Council's aim to support the business community and ensure recovery and sustainable growth for the West Sussex economy.
51. The County Council has adopted an ambitious 10 year [Climate Change Strategy](#) with two key aims for the Council to be both carbon neutral and climate resilient by 2030 an ambition adopted at a meeting of the Council in April 2019. The Strategy aims to set out the Council's plans to meet the ambition of the climate change commitment underpinning the Council Plan and was approved by members in July 2020 after member engagement and scrutiny.
52. The officer Climate Change Board oversees delivery on climate change ambitions on behalf of the Executive Leadership Team. The governance of the Board was audited for effectiveness in spring 2021 and was rated as 'reasonable.' A second internal audit was completed through spring 2022, looking at how climate change ambition is reflected in governance, and the rating was 'reasonable.' The

final audit report for 2021/22 stated 'there is a generally sound system of governance, risk management and control in place.'

53. In December 2021 the Cabinet and the Executive Leadership Team agreed to accelerate progress on climate change ambition, acknowledging that climate change objectives need to be built into existing business planning and budgeting. Actions include strengthening the remit of the officer Climate Change Board, ensuring all decision-making forums and processes across the Council reflect climate change ambition in their activity and engaging directorate leadership teams. The Sustainability Team, with responsibility for oversight of the Strategy and its realization has been expanded along with a wide range of activities to deliver the goals of the strategy, including the development of a programme of works to decarbonize the corporate estate and the education estate, the agreement of a Climate Action Plan for Highways, Transport and Planning and the introduction of climate change considerations into major new procurements.
54. [The Council Plan](#) (2021–2025), approved in 2021, is underpinned by the ambitions of the Council in responding to the challenges of climate change. A long-term plan for the delivery of the Climate Change Policy, to be known as the Climate Action and Adaptation Plan (CAAP), is under development involving all directorates and will be integrated into the business planning process for the year commencing April 2024. The CAAP will cover the period to 2030. Quarterly reporting to Cabinet and monthly management reporting (internal) will highlight progress on key climate change indicators.
55. The West Sussex Transport Plan (WSTP) is the County Council’s principal policy on transport planning and supports delivery of [the Council Plan](#) priorities. It was approved on 1 April 2022 by the Cabinet Member for Highways and Transport and sets out how the County Council intends to address sustainability by improving, maintaining and managing the transport network in the period up to 2036. Responding to climate change is a key priority of the plan, balanced with the need to protect and enhance the environment and prosperity of West Sussex. The Plan was also submitted to the Transport for the South East Board to promote integration in the region to support that Board’s own planning.
56. The Council has a **Social Value Framework** which identifies and explains the benefits of ensuring that policies, business plans and service procurements consider and address their impact upon local communities, the local economy, the lives of residents and the places of the County. The framework was first developed in 2015 and was reviewed in 2020. The 2023 review is currently underway and will be published in autumn 2023. Social Value has been incorporated into procurement practice and processes, any impact being recorded in published decision reports. The Social Value Framework is being embedded to ensure it is coherent with the Council Plan priorities, the refreshed Economy Plan and the Climate Change Strategy as well as changes to the environmental, social and economic context of the Council’s activities.

Principle C (defining outcomes and benefits)

Action	Owner
i. Annual refresh of Council Plan	ELT

Action	Owner
ii. Review of Social Value Framework	Director of F&SS
iii. Review of performance monitoring and reporting	Director of F&SS and Director of L&A

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

Assured

Sections D and E should be read together with particular reference to the governance challenges raised by the various reviews and external inspection reports on which much progress has continued to be made during 2022/23.

Interventions for improvement in relation to Children’s Services and the Fire and Rescue Service continued to be a particular focus aligned with the challenge to address capacity and capability in these and in other critical areas of the County Council. Significant progress has been made and follow-up inspections have been positive in confirming that the County Council is improving, while still needing to improve further.

Following significant changes related to health service and social care integration, the future of external regulated inspection regimes and the arrangements needed to meet the identified service outcomes a strategic review of Adults Services has begun.

The County Council takes decisions on interventions based on the priorities agreed in The Council Plan. In areas identified for improvement systems for governance, oversight and scrutiny of interventions have had particular focus. Proposed interventions are recorded through Directorate Business Plans for timely outcome delivery, overseen by the relevant Management Team.

57. All Directorates are expected to prepare and monitor Business Plans which set out the actions required to meet the outcomes set in the Council Plan and the targets and measures used to monitor their delivery. These are in place and will be reviewed regularly and will be updated and refreshed as needed as part of the annual refresh of the Council Plan by the County Council.
58. The public facing **Performance Dashboard** provides details on progress on the key indicators of the Council 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. The Cabinet reviews the performance dashboard as part of the Performance and Resources Report and it is scrutinised by each of the Scrutiny Committees, the full dashboard being referred to Performance and Finance Scrutiny Committee.
59. The Performance Team is developing a reporting tool to provide data on the corporate health of the organisation that will be reported to the Executive Leadership Team on a quarterly basis complementary to the performance dashboard and supplemented by focused data on critical service areas.
60. The **Performance and Resources Report** provides an overview of performance against the priorities within the Council Plan and tracks financial

performance to ensure intended outcomes are kept in focus and expenditure controlled. The Performance and Resources Report focuses on the delivery of:

- Council Plan and Performance Measures
- Medium Financial Term Strategy and in-year budget
- Culture and Workforce
- Service and Corporate Improvement
- Corporate Risk Management

61. 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 but not pursued, advice received, consultation undertaken and how risks are managed.
62. 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, one for the climate change strategy and one for strategic procurement. Each board is chaired by a member of ELT.
63. The boards were reviewed during 2022 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. They are also described in officer guide to governance to assist in making their work and purpose better understood. They will be further reviewed during 2023/24 to ensure their alignment with their combined aims and to ensure a full understanding of their function, purpose and value within the governance of the Council.

Service Improvement activity

64. Ofsted has continued to carry out regular inspections of the Council's Children's Services following the critical findings in its report in early 2019. The output from these inspections monitors and informs the continued improvement interventions for the service. The Council's governance arrangements were improved through the work on good governance as monitored through the Annual Governance Statement's Action Plans. Service improvement continues to be driven by the Director of Children, Young People and Learning, held to account by the Cabinet and is scrutinised through the Children and Young People's Scrutiny Committee. Ofsted carried out a full inspection in March 2023 and the result published on 11 May 2023 confirms that the Council has improved its services to an overall 'Requires Improvement' rating, with 'Good' elements, including in leadership and management.
65. The implementation of the improvement plan adopted following the inspection of the Council's Fire and Rescue Service by Her Majesty's Inspector of Constabulary and Fire and Rescue Services (report published on 20th June 2019) has been externally recognised as showing sustained success. The dedicated Fire and Rescue Service Scrutiny Committee has been confirmed as a permanent arrangement, in line with national directives. There are regular member updates

to Cabinet and scrutiny on improvement activity. Service improvement will continue to be monitored through these channels.

66. In February 2022 the Cabinet approved a new strategy for Adults Services, developed with extensive partner, service user and member engagement. This work will take place in parallel with the implementation nationally of integrated care services with the NHS across Sussex. These developments will mean significant areas of change for service delivery, performance, systems to support practice and commissioning – including that undertaken jointly with the NHS. Implementation will be the subject of oversight by the Health and Adults’ Social Care Scrutiny Committee. There will also be additional external inspection of the service, expected during the next 12 months.

Principle D (interventions for outcomes)

Action	Owner
i. Review of capital governance arrangements	Director of L&A & Director of F&SS
ii. Review of terms of reference of Procurement Board	Director of F&SS
iii. Review of internal ELT level officer boards	Director of L&A
iv. Monitoring and reporting Adults Services Improvement Programme	Director of Adults and Health

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

Assured

Officers and members are expected to have a clear sense of their purpose, roles and responsibilities. This has been reinforced by the work on the West Sussex Plan and the business planning activity underpinning its delivery. The programme of member development has also focussed on this.

The Executive Leadership Team manages the Council’s workforce, skills and resource planning in line with its People Framework. All officers are expected to have their performance monitored and their development needs identified and met. Specific attention is paid to leadership development. Work continues to enable the Council’s 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 supported 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.

67. 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 and members

appointed as cabinet advisers, for which role profiles must be settled with the Director of Law and Assurance. The Council, at its public meetings, makes appointments to all committees and changes can be made at each Council meeting. All terms of reference of member committees and boards are published and there is a system for reviewing and refreshing them. Governance Committee carries out such reviews as and when required.

68. **Member roles** – Executive and non-executive roles are defined and published within the Constitution on the Council’s website and as part of the internal Members’ Information Network (the Mine). The member induction and training programmes cover all aspects of member roles. All member development sessions have attendance and feedback recorded.
69. The knowledge and development needs of members are identified and addressed through a cross-party **Member Development Group** (MDG). This group reports to the Governance Committee and oversees the delivery of a planned programme of member training and development which is underpinned by the Member Development Strategy, to ensure members’ training and development reflects both their personal needs and organisational requirements. All members are contacted annually to review their training needs. Feedback from this process helps to shape the member training and development offer. MDG reviews the impact of member development and identifies areas for improvement. The Member Development Programme achieved Charter status in November 2020, which will be reviewed by MDG after three years.
70. Specialist training is given to members according to the roles they carry out. This includes leadership training for Cabinet Members and other members in senior positions, such as political group leaders as well as training tailored for scrutiny committee members, members of the Regulation, Audit and Accounts Committee, Planning and Rights of Way Committee, the Pensions Committee and the Appeals Panel. Some training for members is identified as mandatory (code of conduct, safeguarding, corporate parenting, equalities and data protection/cyber security). Different options for completion of this training are provided, including through online training modules. Completion of this mandatory training is monitored by the MDG and by political group leaders.
71. Disclosure and Barring Checks (DBS) remain part of the induction of new members. Enhanced DBS checks are carried out for members in adults and children’s services related roles and all other members are expected to have a standard DBS check. By January 2022, all planned DBS checks had been completed and further enhanced checks have been undertaken as needed.

Officers

72. 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.
73. All 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. The leadership team

has agreed the approach to enable them to provide appropriate assurances – referred to as **Directorate Statements of Assurance**, to be completed to accompany the final sign off of this Assurance Statement.

74. New guidance for officers on Council governance arrangements was produced during 2022/23, providing information in one place on all aspects of the processes that officers may need to know about and work with. This includes details of structures, how decisions are taken and the roles and responsibilities of councillors. It provides detailed advice to help officers navigate processes and get things done in a compliant way. Training for officers on decision-making and report-writing is also provided internally, focussed on officers most likely to have a need to be familiar with decision-making processes.
75. The Monitoring Officer and Chief Financial Officer have a place on the Executive Leadership Team, which comprises the three service Directors in addition to the Chief Executive, Director of HR and Organisational Development and the Chief Fire Officer. The Director of Public Health who reports to the Director for Adults' and Health regularly attends ELT to ensure public health is embedded across the County Council and its partnerships.
76. All Directors and some Assistant Directors undertake the role of 'duty director' on a rota basis alongside the Chief Executive, to provide a source of authority and direction during critical incidents outside office hours. Training and guidance on the discharge of this role is provided. The officers are also required to complete police and national vetting procedures in order to participate in Gold command activities during incidents.
77. 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 role profiles 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.
78. Personal development priorities are agreed through a personal development review process. There is an established programme of induction training for new staff. Training is available increasingly through an online learning system and mandatory annual refresher online training is heavily promoted to all staff. Leadership skills and development for senior officers has been addressed as part of the development of the workforce strategy through the People Framework.
79. Issues of capacity and service resilience to ensure service effectiveness are covered through workforce planning as part of directorate business planning. This was thoroughly refreshed as part of the development in 2020/21 of the West Sussex Plan. 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 remains an area of particular focus. A broader workforce strategy (People Framework) has now been put in place. Recruitment and Retention remains a high risk on the Corporate Risk Register and updates are regularly reported to the Performance and Finance Scrutiny Committee.

Principle E (capacity and leadership)

Action	Owner
i. Completion of Directorate Statements of Assurance	Director of L&A

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

Assured

Risk management is robust overall and risks are being considered during business planning and decision-making processes, corporately and across all services. Regular reporting to ELT and Cabinet is in place with risk management and internal audit progress reported together.

Service and corporate performance management has been addressed earlier in the report in the context of the comprehensive review of performance during 2020/21 and the development of the Council Plan and monitoring is now well established. Corporate risk management is reviewed regularly as part of the Performance and Resources Report. Directorate level risks are routinely monitored by Directorate Management Teams. Directorate level risks are routinely monitored by Directorate Management Teams.

The County Council has robust internal financial controls in place, displays strong public financial management and operates systems to manage risks and performance which are subject to both internal and external review as well as member oversight through committees meeting in public.

Health and Safety oversight and management is covered through established procedures and governance.

80. The Constitution sets out the rules, its Financial Regulations, to ensure robust internal control over the Council’s finances. The system and arrangements for financial 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.
81. 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 in 2021/22 concluded that arrangements remained robust but did identify areas where the Council’s existing controls could be further strengthened. The audit for 2022/23 will take place over summer 2023 and final audited accounts are expected to be published by November 2023. 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’ and the Financial Management Code. A continuous review is maintained. A full review of Financial Regulations and Procedures was undertaken and a new version of Financial Regulations was approved in 2018. A further review is planned to be undertaken during 2023.

82. 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 broader 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 this document. This covered in Section E above (paragraph 73).

Scheme of Delegation for officers

83. The officer scheme of delegation is critical for the effectiveness of controls of spending and lawfulness as well as internal authority for operational actions. 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 within directorates and have worked with the Director of Law and Assurance to ensure that there is shared understanding by the relevant officers of the operation of delegations and the need to continually review them.

84. The streamlined decision-making exercise arising from the good governance review focused on the need to provide clarity of understanding for officers in the discharge of their roles and to provide a basis for trusting officers, especially those in management roles and to provide a basis for trusting officers, especially those in management roles, to do their jobs in accordance with their professional competence and good judgment. The scheme of delegation for each Directorate is critical to this aim. It is supported by the development of the new officer guide to governance which is used for a programme of officer training to reinforce a culture of clarity and trust.

85. 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 2022/23, 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 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.

86. The **Risk Management Strategy** is set out in the Constitution (Part 4 section 2) and is reviewed annually. The Strategy describes the responsibilities of officers and elected members and ensures that corporate risks are regularly reviewed by the Executive Leadership Team in order to advise and update Cabinet as necessary. In addition, it illustrates the framework the Council has for identifying, assessing and managing corporate risk. The operation of the framework and concerns identified are reported quarterly to the Regulation, Audit and Accounts Committee, which has responsibility for providing assurance on the effectiveness of risk management arrangements.

87. Corporate risks are included in the Performance and Resources Report reviewed by Cabinet and the Executive Leadership Team and considered by the scrutiny committees. Material risks and associated actions relating to proposals, policies

and spending decisions are identified, recorded and published in decision reports and for scrutiny committees to consider (see paragraph 61 above). Decision report guidance also clarifies the responsibility for scrutiny committees to obtain assurance that the management of risk is effective.

88. Individual Services maintain risk registers which are reviewed regularly at management teams and, where appropriate, are escalated to ELT and/or the Corporate Risk Register.
89. Management of risk is an iterative process delivered through the application of robust controls, including the business planning process, and is supported by the Corporate Risk Manager who reports to the Director of Finance and Support Services. Operational officer responsibility is carried by that Director as s.151 Officer, with the Chief Executive accountable for the Council’s overall risk profile and effectiveness of the risk management strategy.
90. The area of Health and Safety management is overseen by the Director of Human Resources and organisational Development and the corporate assurance arrangements for good Health and Safety policy and practice is the subject of continual review and reporting to ELT. Health and Safety and the response to incidents is a standing item on all Directorate Management Teams.

Principle F (risk and performance)

Action	Owner
i. Review of Financial Regulations.	Director of F&SS
ii. Implement the control recommendations arising from the 2021/22 external audit.	Director of F&SS and Director of Human Resources and Organisational Development

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 and of agendas and reports of its meetings and those of its committees. This includes 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. This has also been addressed through the development of the performance management reporting arrangements linked to the implementation of the Council Plan.

91. 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 and retained for public access. Cabinet, Cabinet Member and Committee decisions 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 to ensure there is member and public awareness of the Council's plans and proposals before they are considered for approval. A limited number of reports are considered in private session only when the subject meets the prescribed criteria for confidentiality. A summary of these is published and the rationale for non-disclosure made available.

92. The County Council has several separate bodies of which it is a part, which in 2022/23 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.

Review and Audit

93. 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.
94. Internal Audit provides an annual assurance opinion based on the 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. The overall opinion for 2022/23 is to be confirmed in due course (as of May 2023).
95. The Head of Internal Audit reports to the Director of Finance and Support Services. He also has direct access to the Chief Executive and 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. The partnership arrangements are underpinned by a partnership agreement.
96. 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 summarised in the annual audit report. 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.
97. The Internal Audit annual report highlights areas where a limited assurance review has been issued. During 2022-23 internal audit undertook (number to be confirmed) reviews of which number to be confirmed) were of limited assurance. Directors are accountable for addressing the recommendations through management actions and progress is monitored until any changes have been fully implemented.
98. Information Governance (GDPR) was an area which concluded with a limited assurance opinion. The review of information governance (GDPR) focused on compliance with the operational controls and processes to provide assurance

effective information governance was in place. The key observations focused on refresher training for staff, the maintenance of the Information Asset Register and the absence of data protection KPIs to help provide assurance on information governance activities/processes. These matters have been addressed.

Principle G (transparency audit and accountability)

Action	Owner
i. Information governance	Director of L&A

Main Governance Issues for action or to note

- 99. 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. The main governance issues requiring attention are summarised at the end of each section as set out above.
- 100. An action plan is attached at part of the Appendix, 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.

Paul Marshall Leader of the Council, November 2023

Becky Shaw Chief Executive, November 2023

Annexe - Sources of Assurance and Actions

Key:

CIPFA = The Chartered Institute of Public Financing & Accounting

FSS = Finance and Support Services

HR&OD = Human Resources & Organisational Development

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.	A review was undertaken in 2021 arising from the Good Governance project and was approved by the County Council in July 2021. Minor changes have been approved during the year 2022/23.
Codes of Conduct	Constitution	Standards Committee & Director L&A	Defines standards of behaviour and how to enforce	A new Code of Conduct was approved the County Council in December 2022.
Whistleblowing Policy	Intranet	Standards Committee & Director L&A	Defines process to report breaches of rules or standards confidentially	Fully revised for approval by Governance Committee July 2020. Further HR officer review in August 2021. To be reviewed within five years, by August 2026.
Anti-fraud and corruption strategy	Intranet	RAAC & Director F&SS	Statutory obligations recorded and enforced	November 2015. Review underway to be reported to RAAC in July 2023.
Anti-bribery policy	Intranet	Director L&A	Statutory obligations recorded and enforced	November 2015. Review planned for 2023/24.
Register of Member Interests	Website	Director L&A	Statutory list of interests.	Entries updated on an on-going basis. A revised form in line with best practice since May 2021.
Register of Officer Interests	Website	Director L&A	Record of financial and conflicting business interests	New system from March 2017 refreshed and reinforced in 2021. Publication to be addressed in 2023*
Corporate Complaints Policy	Website	Chief Executive & Standards Committee	Describes mechanism for handling all complaints.	Complete review due for completion July 23. Annual complaints report to Standards Committee June 23.
Staff Discipline policy	Intranet	Director HR&OD	Defines rules of conduct and procedures to manage	New HR policy framework established in 2019.

Source of assurance	Where found	Who is responsible	Role	last review/ action planned*
Data Protection Policy	Intranet	Director L&A	Defines rules and procedures to protect data.	Revised 2018. Review of practice and training to mitigate risk completed and revised guidance and training in place.
Freedom of Information policy	Intranet	Director L&A Director of Communities	Defines rules and procedures	January 2018. No review planned or required.
Data Security & Accepted Use Policy	Intranet	Director F&SS	Defines rules and procedures/measure compliance	Annual External IT Health Check November 2022, Acceptable Use Policy May 2023. Data Maturity Assessment by end of 2023. Ongoing mandatory annual refresher training.
Standing Orders on Procurement and Contracts	Constitution	Director L&A and RAAC	To prescribe the rules for all contracts and procurement activity	Revision 2021. More recent minor revisions undertaken in 2022/23.
Procurement Board (officers)	Intranet	Director F&SS	To manage and plan strategic procurement	Procurement Pipeline and systems for monitoring in place. Action to clarify internal governance between officer boards within Good Governance underway*.

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.	March 2022, with minor revisions as required since then.
Forward Plan	Web site	Director L&A	Describes planned key decisions for next 4 months	Revised format 2021 implemented.
Protocol on decision making	Constitution	Director L&A	Describes arrangements for sound decisions.	Refreshed 2021 as part of streamlined decision making workstream.
Scrutiny Committee business planning	Scrutiny Committee reports	Performance and Finance Scrutiny Committee, Scrutiny Manager	Records planned scrutiny work.	Continuous with annual work programme. Executive/Scrutiny protocol established in 2022 due for review end 23.
Openness and access to meetings/ decisions.	Constitution and Website	Director L&A	Describes rules and process for ensuring transparency of business.	Constitution revised 2018. Webcasting of member meetings determined by Governance Committee.
Consultations & community liaison forums	Intranet, Website & Press releases	Head of Communications & Engagement, Head of Customer Experience	Accessible communication to the public and staff	New community liaison channels are being explored during 23/24 Used for budget and Council Plan 22/23.

Source of assurance	Where found	Who is responsible	Role	last reviewed/ action planned*
Research Governance and Consultation QA process	Intranet	Chief Executive	Provide system and guidance for service consultation	Review of Statement of Community Involvement in 2018. Full review of the Research Governance and Consultation QA process is planned for 2023/24*
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 underway*.
Equality Policy	Website And decision making protocol	Chief Executive. Relevant Director (for decisions) Director of HR (for staff)	Source of guidance for ensuring compliance with public sector equality duty	Policy reviewed 2018. Respect and Dignity at Work policy rolled out 2021.
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. Terms of reference revised in 2022 to reflect changes in NHS and new Integrated Care System.
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. Being reviewed as part of good governance in partnerships project*.

Table of Assurance for Principle C: Sustainability

Source of assurance	Where found	Who is responsible	Role	last reviewed/ action planned*
The Council Plan	Website	Cabinet & Chief Executive	Describes the measure and targets for key corporate & service aims	The County Council agreed current Plan in February 2021. Refresh completed in 2023.
Social Value Framework	Website	Director of F&SS	Sets aims for social economic and community benefits of council business	Full review in procurement activity completed 2019/20. Review of SV framework underway to be published autumn 2023.
Climate Change Strategy	Website	Assistant Director of E&PP	Sets Council's commitment to becoming carbon neutral and climate resilient by 2030	The Strategy approved in 2020.
Economy Plan	Website	Director of Place Services	Sets aims for economic benefits of council business	The Plan approved in 2020.

Sources of Assurance for Principle D: Optimising Interventions

Source of assurance	Where found	Who is responsible	Role	last reviewed/ action planned*
Performance and Resources Report	Website	Chief Executive & Cabinet and Director F&SS	Reviews financial and operational performance	Reviewed 2020. Newly introduced in 2021.Regular review for continuous improvement.
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.
Business Plans	Share Point	All Directors	Record of actions and objectives for delivery of Our Council Plan	Annual. Action for better coordination of plans between Directorates implemented 2022.
Executive Officer Boards	Intranet	Executive Leadership Team	Manage strategic business delegated to officers	Action underway as good governance workstream to clarify officer delegations and ensure clarity & transparency of boards*
Capital Programme Governance	Constitution	Executive Director Place and Director F&SS	Provide sound systems for capital programme	Revision February 2019. Further review on governance planned in 2023, set as part of good governance*.
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 regular revisions as needed.
Budget, including medium term financial strategy	Council agenda	County Council Director F&SS	To agree a sound budget and financial strategy.	February 2022 and ongoing review of arrangements and timetable for preparation of annual budget plan. MTFs planned for publication in July 2023.
Member Development Programme	Held by Director L&A	Governance Committee &	Plan and record all member training.	Continually by MDG (sub-group of Governance Committee). Reports

Source of assurance	Where found	Who is responsible	Role	last reviewed/action planned
	Member Information Database	Director L&A & MDG		regularly and gathers member feedback.
Human Resources policies	Intranet	Director HR&OD	Describe all officer duties, rules and requirements.	Review planned within Good Governance as culture and leadership areas People Framework and respect and dignity at work policy in place.
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. People Framework completed 2021.
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	Comprehensive induction programme agreed and delivered post May 2021.
Specialist Member training	Committee business programme	Director L&A	Non-executive committees and appeals panel	Completed after 2021 election including individual member training needs analysis for all members.
Officer Performance management	Intranet	Director HR&OD & all Directors for delivery	To manage performance and development	Review undertaken 2021 in line with the Good Governance review.
Performance Management Policy	Intranet	Director HR&OD	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 was refreshed in 2020.
Local Code of Corporate Governance	Governance agenda	Governance Committee Director L&A	To confirm the corporate governance principles in place	New Code of Governance agreed in February 2022.
Risk Management Strategy	Constitution	Chief Executive	Strategic aims and objectives for corporate risk management	Approved by RAAC 2018. Strategy reviewed annually by RAAC. Clarification of roles for members added to Constitution in July 2021.
Risk Management systems	RAAC agenda	Director F&SS	Operational systems for meeting RM strategy aims	Last review 2018. Ongoing work to ensure operational risks are regularly reviewed by Directorate Leadership Teams.

Source of assurance	Where found	Who is responsible	Role	last reviewed/action planned
Health and Safety Policy	Intranet	Director of HR &OD	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.
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. Partnership arrangements in place with Hampshire County Council since 2020. Subject to annual review.
Performance and Resources Report	Website	Chief Executive & Director F&SS	Reviews financial and operational performance	New from 2021. Annual review of structure and content.
Treasury Management Strategy	Council agenda	Director F&SS	For sound strategy to limit risks to borrowings and investments.	Reviewed and updated annually. Approved by Council February 2023.
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. Review in 2023 underway.
Resilience and Emergency arrangements	Intranet	Chief Fire Officer	To provide safe systems and procedures to manage local and civil emergencies	Action plan implemented.

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. External review is required every five years. The last check was in October 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	Assurance given to 21/22 accounts. EY was appointed for April 2023 until March 2028. The date for the commencement of the 2022/23 audit is yet to be advised by EY.

Annual Governance Statement 2021/22 Action Plan

The following actions to address significant governance issues have been agreed and updates will be provided during 2022/23.

Principle A

Action	Action Owner	Deadline	Updates
To ensure full implementation of officer interests and gifts (ongoing from 2021/22)	Director L&A	December 2022	Ongoing. (February 2023 update) All Directors and Head of Service in receipt of revised guidance and template for recording and collation. Arrangements underway for publication. (July 2023 Update) Publication is now in preparation.
To adopt a simpler system for the recording of officer interests	Director L&A	December 2022	Completed. See above.
To disseminate the new officer guide to governance	Director L&A	October 2022	Completed.
To ensure full implementation of the plan to address the Teachers' Pension breach	Director F&SS	March 2023	Ongoing. (February 2023 update) Progress is being made and data queries, validation of processes and technical issues are being worked through. The Teachers' Pension Scheme will progress processing casework for individuals where they have completed their data validation or queries have been resolved. Any impact on the completion of all option letters by 31 March 2023 will be determined by the Teachers' Pension Scheme as soon as possible. There are 450 individuals currently in scope.

Action	Action Owner	Deadline	Updates
			(July 2023 update) To be completed in 2023/24. The data for around 80 cases has been produced with the financial implications being evaluated.

Principle B

Action	Action Owner	Deadline	Updates
Complete work to enhance and clarify the Council’s partnership and community engagement arrangements as identified by the good governance project in 2020 (ongoing from 2021/22)	Assistant Director (Communities)	March 2023	Completed. The multi-agency approach to the pandemic contributed to a significant strengthening of the Council’s partnership and community engagement arrangements across all services and sectors. The Council’s Communities Directorate has led on work to enhance and clarify these arrangements, including through the development of a countywide community hub and the partnership response to support Afghan refugees and asylum seekers from Ukraine. The Council continues to aim to be an outward looking and collaborative organisation, including through initiatives such as the development of an Integrated Care Strategy covering health and care for the whole of Sussex.
Adults Services partnership and commissioning arrangements with NHS as part of care integration plans	Director of Adults and Health	March 2023	Completed. New governance arrangements are in place for the Sussex Integrated Care System. West Sussex representatives have been confirmed for the Sussex Integrated Care Board and the Sussex Integrated Care Partnership (Assembly). A Sussex Integrated Care Strategy was approved by the Cabinet lead in December 2022.

Action	Action Owner	Deadline	Updates
			Local West Sussex health and care plan is in place and joint working with the west Sussex health and wellbeing board is being developed.
Fire and Rescue (see FRS Statement of Assurance for 2022 published after Cabinet July 2022).	CFO	March 2023	Completed. Under the direction of the Cabinet Member for Fire and Rescue and Communities, West Sussex Fire and Rescue Service, within West Sussex County Council, has prepared an Annual Statement of Assurance for 2021-22. This was approved in Cabinet and cleared call in July 2022.

Principle C

Action	Action Owner	Deadline	Updates
Annual refresh of The Council Plan	Chief Executive	March 2023	Completed. Review undertaken at January 2023 Cabinet and February 2023 Council meetings, integrated with the annual budget setting process.

Principle D

Action	Action Owner	Deadline	Updates
Children's Improvement implementation Plan (ongoing from 2021/22)	Director CF&L	March 2023	Completed. A full Ofsted Inspection of Local Authority Children's Services (ILACS) took place in March 2023. The result was published on 11 May 2023, confirming that the Council has improved its services to an overall 'Requires Improvement' rating, with 'Good' elements, including in leadership and management. Service improvement continues to be driven by the Director of Children, Young People and Learning, held

Action	Action Owner	Deadline	Updates
			to account by the Cabinet and is scrutinised through the Children and Young People’s Scrutiny Committee.
Fire and Rescue Improvement Plan implementation (ongoing from 2021/22)	CFO	March 2023	<p>Completed. His Majesty’s Inspectorate of Constabulary & Fire and Rescue Service (HMICFRS) carried out a further full inspection of West Sussex Fire & Rescue Service (WSFRS) between September and November 2021. This was HMICFRS’s second full inspection of fire and rescue services in England. The improvement in the service was noted and new graded judgements were issued. This closure of the improvement plan was approved by Cabinet in September 2022 with further activity incorporated through continuous improvement in alignment with the new Community Risk Management Plan 2022-26.</p> <p>Performance and improvement continue to be closely measured through our Performance Assurance Framework (PAF) core measures to our new CRMP which launched in April 2022. This performance is regularly scrutinised by the Strategic Performance Board and through a dedicated FRS Scrutiny Committee.</p>
Review of Officer executive Boards governance (ongoing from 2021/22)	Director L&A	December 2022	First review completed. Actions identified for consistency and clarity of board governance underway.
Review of most recent changes to capital governance arrangements to align with other governance changes (ongoing from 2021/22)	Director L&A & Director F&SS	March 2023	Ongoing. (February 2023 update) The new governance arrangements for the capital programme are in place and as detailed within the Capital Strategy to be approved by Council in February 2023. Also described in the Code of Governance and Officer Guide

Action	Action Owner	Deadline	Updates
			to Governance. Capital Hubs review included in action above. Further consideration will be given as part of the work to embed business planning process in 2023/24. (July 2023 Update) Ongoing during 2023/24 as part of the business planning process.

Principle E

Action	Action Owner	Deadline	Updates
Completion of Directorate Statements of Assurance	Director L&A	March 2023	Completed. Statements were completed before end March 23.

Principle F

Action	Action Owner	Deadline	Updates
Refresh compliance and consistency in scheme of onward delegation from Directors (annual action)	Director L&A	December 2022	Completed.
Review of Financial Regulations as part of Smartcore Project	Director F&SS	February 2023	Ongoing. (February 2023 update) This review is not yet been undertaken but will be completed in advance of the new system Go Live date and when a greater understanding on the ways of working and roles and responsibilities of the new systems have been agreed. (July 2023 update) Review of Financial Regulations underway and to be completed in 2023/24. These will

Action	Action Owner	Deadline	Updates
			remain subject to review as part of the SmartCore Programme.
Review of Health and Safety governance	Director HR&OD	December 2022	Completed. Health & Safety governance remains under constant review to ensure it is meeting the needs of the Council. To further strengthen current arrangements, it has been agreed that the Cabinet Member for Support Services & Economic Development for will receive Health & Safety Annual Report and agree its distribution to cabinet colleagues, following a cabinet briefing. Added member awareness will also come from putting it into the weekly member bulletin (internal publication only).

Principle G

Action	Action Owner	Deadline	Updates
Improvements to Information Governance to address breaches & training compliance	Director L&A	March 2023	Completed. These matters have now been addressed.

Key

CFO = Chief Fire Officer

Director F&SS = Director of Finance and Support Services

Director HR & OD = Director Human Resources and Organisational Development

Director L&A = Director of Law and Assurance

Director CF&L = Director of Children, Families and Learning

Financial Management Code

Financial Management Standards

Standard		Evidence as at March 2023
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money	<ul style="list-style-type: none"> • External Auditor – positive VFM conclusion for the 2021/22 accounts (with narrative included in Auditor’s Annual Report). • Council Plan for 2023/24 focuses on key priorities including VFM. • KPIs are monitored in Performance and Resources Report (PRR). • VFM assessment included in all key decision reports. • Procurement Board reviews all procurements in excess of £500k to ensure proposed procurement meets the outcomes required, follows a compliant procurement route and delivers value for money. For lower value contracts, national frameworks or other commercial competitions are used to reflect value for money considerations.
B	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government (2016)	<ul style="list-style-type: none"> • The Chief Finance Officer (CFO) is a qualified accountant and is a key member of the Executive Leadership Team (ELT) and other strategic meetings such as Cabinet meetings including informal briefings of Cabinet. The CFO also is a member of the Procurement Board and the Capital and Assets Board. All material decisions impacting the Council follow these governance routes prior to a decision being made. • Good financial management is led by the CFO and supported by the senior finance team. • The deputy CFO represents the Council’s interest on the Property Joint Venture Board and is a Director and Company Secretary of Edes Estates. The post is currently vacant with a replacement being sought. There continues to be other Council officers who are Directors of Edes Estates. • A member of Finance SMT sits on the Commercial Panel. • The Strategic Business Partners sit on the departmental leadership team meetings providing financial insight and advice. • Effective reporting and management through review of the quarterly PRR with monthly monitoring undertaken and reviewed at ELT.

		<ul style="list-style-type: none"> • Finance team is sufficiently resourced and represented at Board and leadership team meetings to provide financial input and challenges, although there have been ongoing recruitment issues for staff at principal finance officer level, which are not unique to West Sussex. In addition, the competing demands of Council projects, including the replacement of key financial systems is putting strain on resources and requires the need to prioritise according to levels of risk. • The senior finance team encourages and supports staff to become qualified accountants and build career paths to enable progression.
C	<p>The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control</p>	<ul style="list-style-type: none"> • Financial Regulations in the Constitution set out the rules, to ensure robust internal control over the Council’s finances. The system and arrangements for financial 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. • Internal Audit is provided by the Southern Internal Audit Partnership. They meet with Directors to plan the audit programme that is focussed on areas of concern raised in the risk register. The quarterly audit report is discussed at ELT and Regulation, Audit and Accounts Committee (RAAC). • Control is maintained through regular management information, supervision, and a structure of delegation and accountability. External audit of the Council’s accounts in 2021/22 concluded that arrangements remained robust. • 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 and a new version of Financial Regulations was approved in 2018. A further review is currently in hand as part of the Smartcore project (to replace SAP as the key financial system and the systems linked to it). • Each Director is required to review the use of internal governance systems for their area of responsibility, through an assurance mapping process. The statements made, based on the assurance mapping, are used to identify broader governance

		issues. Evidence of assurance given is noted in the annual assurance statement for each directorate. These include identified actions. From both sources, relevant governance assurance implications are included in this document.
D	The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)	<ul style="list-style-type: none"> • The Council's Annual Governance Statement is jointly signed by both the Leader and the Chief Executive and approved by RAAC at the same time as the approval of the audited financial statements. Updates on the agreed action plan are discussed at ELT and reviewed at RAAC. • The 'Officer Guide to Governance' provides details of governance framework in an easy access format for officers.
E	The financial management style of the authority supports financial sustainability	<ul style="list-style-type: none"> • The Financial Regulations and Standing Orders on Procurement and Contracts set out the framework for financial accountability. • The Medium-Term Financial Strategy (MTFS) forms part of the annual budget process and the capital strategy and five-year capital programme also drives the Council's strategic capital investment ambition to support the sustainable long-term delivery of services. The budget planning and MTFS process is led by ELT and reflects the current business plans. Directors are responsible for delivering their business plans with the budget set by the Council in February. • The Section 151 officer meets monthly with each Director to keep abreast of financial challenges affecting services and a joint approach to managing such challenges is adopted. • The efficiency, equity and effectiveness of each service is considered as part of this process. • Children's Services and Fire and Rescue are on a continuing improvement journey to ensure the services are effective and efficient. A two-year improvement programme for Adult Services has commenced. • Budget managers attend budget training courses to understand their responsibilities with to comply with the financial management regulations, contract standing orders and procurement procedures. • Strategic Business Partners sit with their respective services and leadership teams to support operational and strategic plans. CIPFA was invited to review the financial style

		of the council in the autumns of 2019. The recommendations of that review were accepted and implemented.
F	The authority has carried out a credible and transparent financial resilience assessment	<ul style="list-style-type: none"> • The budget process considers the potential pressures impacting the Council finances for increased demand, increased costs, change to national policies (e.g. Adult Social Care Reform, Education White Paper, Statutory Override for Dedicated Schools Grant (DSG) deficits) as well as local context such as Climate Change. It also reviews the undelivered savings from previous years and builds the savings back into the budget if there is no prospect of them being realised. • The budget principles followed as part of the budget setting process states that we will not use reserves to balance the budget and any necessary use of reserves in previous years need to be repaid. • The MTFS, which includes full details of the Council’s financial risks and their likelihood of impact, is reviewed regularly and managed through the Council’s budget process and Reserves Strategy. • The CIPFA financial resilience index is reviewed each year to identify funding and flag any risks. The index applies fifteen measures, including areas such as reserves, flexibility with budget and reliance on different funding sources, including fees and charges. It compares the outcome for each authority to peer groups. The latest published index was February 2022 and showed the County Council had good resilience in terms of a reasonable level of overall reserves (earmarked and general reserves). The Section 25 statement included in the Budget Report examines the level of reserves available and determines its adequacy to meet pressures arising from unforeseen events.
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	<ul style="list-style-type: none"> • The MTFS is included in the annual budget, with Cabinet updates and Member Day events focused on it, including the importance of reserves. Financial sustainability is also covered in the quarterly PRR presented to Cabinet and Performance and Finance Scrutiny Committee. This report reviews progress against the Council Plan, including KPIs alongside the projected financial outturn.

		<ul style="list-style-type: none"> • Various scenarios are considered and there remains significant uncertainty in the longer term as a result of the current inflationary pressures, demand pressures, adult social care reforms and future years funding.
H	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities	<ul style="list-style-type: none"> • A Capital Strategy is an integral part of the County Council's MTFS and is in place and refreshed on an annual basis as part of the budget setting process. The Strategy enables the delivery of the Council's priorities and is underpinned by a five-year capital programme and Asset Management Strategy. The Asset Management Strategy is currently being updated and provides an overview of the Council's land and property estate together with our main priorities for managing and developing that estate over the next twenty years. • The Prudential Indicators are set and reported through the Treasury Management and Capital Strategies. Compliance with the Prudential Indicators is reported in the Treasury Management mid-year and the annual reports which are scrutinised by the Performance and Finance Scrutiny Committee. • CIPFA published revised codes in December 2021 with formal adoption required for the 2023/24 Treasury Management and Capital Strategies. The strategies approved as part of the budget for 2023/24 reflected the new requirements.
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	<ul style="list-style-type: none"> • The MTFS covering four years is included in the annual budget along with a five-year capital programme. The MTFS runs alongside the business planning process ensuring the changes to the national and local context is reflected in the MTFS. The underlying assumptions and assessment of relevant cost and demand drivers are regularly reviewed throughout the year and updated as appropriate. • The uncertainty in estimates in demand and price is recognised as part of the budget build. A revenue contingency budget is included in the annual budget to deal with these uncertainties. • Asset Management plans are in place that correspond to strategic aims.

J	The authority complies with its statutory obligations in respect of the budget setting process	<ul style="list-style-type: none"> • Obligations in respect of the budget setting process are set out in the budget principles • Balanced budget for 2023/24 was approved at Full Council in February 2023. • The circumstances needed to issue a Section 114 Notice are understood and communicated to Members at Member Days when the budget is discussed.
K	The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves	<ul style="list-style-type: none"> • The budget report includes a statement on 'Robustness of Estimates, Adequacy of Reserves and the Management of Risk (Section 9 within the 2023/24 budget report). • The statutory override to manage the deficit balance on the DSG has been extended to March 2026. • The MTFs and assessment of reserves is set on the basis we will receive adequate funding from government for the proposed Adult Social Care Reforms.
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget	<ul style="list-style-type: none"> • The long-term financial strategy follows the Council Plan and the integrated business and financial planning process brings together our business planning, financial planning and risk management processes and involves ongoing engagement with key stakeholders across our partners including districts and borough Councils, economic partnership and health partners.
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions	<ul style="list-style-type: none"> • Business cases are required for all major decisions and option appraisal methods applied. • Decision reports include a section on demonstrating value for money and options appraisals. • Support is provided by the Finance team where options appraisals need to be carried out.
N	The leadership team takes action using reports, enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	<ul style="list-style-type: none"> • The quarterly PRR captures emerging risks to the budget for both capital and revenue and on a monthly basis key risks are captured and reported to ELT. Reports to ELT are presented in a timely fashion. The reports to public Committees follow a longer timeline due to the need to plan meetings in advance. • Strategic and Critical suppliers require the most attention with an emphasis on supplier relationships that can deliver value that goes beyond the contract including, amongst

		<p>others, cost avoidance, reduced risk and greater supplier innovation. For these suppliers/contracts, we then apply, manage and monitor in accordance with our Contract Management Framework such as the "Balanced Scorecard" and "Supplier Relationship Management plans" which enable monitoring health and effectiveness of our contracts. These are reviewed annually, with some of our more strategic relationships undertaken quarterly. The Balanced Scorecard is an assessment of contract governance, performance, risk and relationship etc and results in a balanced score and rating which we capture and record in our eProcurement system 'Atamis' and share back with SLT/DLT as agreed. A pack is being developed for ELT which summarises/aggregates the results across all Directorates.</p>
O	<p>The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability</p>	<ul style="list-style-type: none"> • The level and use of the Council's reserves are reported in the quarterly PRR, which is reviewed by ELT. Debtor balances are reviewed annually and appropriate bad debt provisions are made to reflect likely collectability. • Contingent liabilities are considered as part of the preparation of accounts to ensure all known potential liabilities are provided for in the balance sheet. • A review of outstanding purchase orders is considered as part of the year end process to ensure there is no over provision of creditors. • Reserves are reviewed in detail to ensure sufficient funds have been set aside to meet future PFI obligations. • The valuations of investment properties are reported as part of the Treasury Management mid year and annual reports.
P	<p>The chief finance officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom</p>	<ul style="list-style-type: none"> • The Section 151 officer reviews the financial statements before signing. The production of accounts follows a detailed timetable with qualified and experienced staff who are encouraged to update their knowledge for any changes in accounting practices.

Q	<p>The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions</p>	<ul style="list-style-type: none"> • ELT reviews the final outturn figures, variation from budget and confirms their agreement. They discuss the drivers of any variations from budget, the ongoing impact and mitigations. • Monthly finance briefings are held with the Leader, Deputy Leader and Cabinet Member for Finance and Property. • Scrutiny Committees review and discuss the outturn position for their respective areas. • Cabinet reviews and agrees the outturn position.
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Financial Management Code – 2023/24 Action Plan

Areas for improvement	Standard	Key actions	Who	When
Carry out a review of qualified finance staff, progression and learning opportunities to address current recruitment issues within Finance	B	<ol style="list-style-type: none"> 1. Develop a Workforce Planning Strategy for Finance - including consideration of: <ol style="list-style-type: none"> a. Current business partnering way of working b. The need for a joined-up approach across all of Finance with other support services c. Roles and responsibilities of Finance and services and the approach to embedding good financial management d. The right balance of resources and grades reflecting the level of work within the teams e. Career grades for trainees f. The introduction of a more structured career path within teams to ensure there are sufficient opportunities for progression/retention 2. Review training opportunities for staff in Finance, including apprenticeships 3. Develop a training and development plan for all staff in Finance 	Finance SMT	March 2024
The Medium-Term Financial Strategy (MTFS) identifies a funding gap in future years. Savings plans should be developed for the whole period of the plan.	E, F, G, I, K, L	<ol style="list-style-type: none"> 1. Update the MTFS and publish in July 2023, with a five-year outlook for revenue 2. Move to longer term planning with a focus on identifying savings in two phases – initially for 2024/25 and 2025/26 and then across the whole period of the MTFS 3. Develop closer working of the revenue and capital planning process, both in the development of the MTFS and annual budget 	ELT / Finance SMT	February 2024

Areas for improvement	Standard	Key actions	Who	When
		<ol style="list-style-type: none"> 4. Include capital planning and monitoring as part of the Directors business planning process 5. Continue to further strengthen the links between financial planning and corporate planning 6. Ensure that addressing the financial challenges is owned across ELT and Cabinet 7. Review the current use of data, evidence and scenario planning to inform the MTFS assumptions 8. Investigate greater use of benchmarking to consider service delivery in terms of value for money, cost effectiveness and cost reduction/income opportunities 		
Requirements of the Financial Management Code to be reflected in the Treasury Management and Capital Strategies.		<ol style="list-style-type: none"> 1. Review Treasury Management and Capital Strategies ahead of the budget process for 2024/25, to ensure compliance with the Financial Management Code 	Finance SMT	February 2024
The MTFS and capital programme to reflect the long-term approach where service contracts are in place, to demonstrate the contracts can be funded over the whole period of the contract. The MTFS to cover a ten-year period and focus on future years savings plans including demand pressures.	E, G, I, K, L	<ol style="list-style-type: none"> 1. Publish the MTFS in summer 2023 that will focus on a five-year period for the revenue budget. 2. Develop the Capital Strategy that will be agreed at County Council in February 2024, in line with the Asset Management Strategy to reflect the Council’s plans for the next 10 to 15 years. 	ELT/ Finance SMT ELT/ Finance SMT	July 2023 February 2024

Areas for improvement	Standard	Key actions	Who	When
Conduct a financial resilience assessment to test financial sustainability in particular relating to the Dedicated Schools Grant (DSG) pressure, using key drivers, costs, and service demands. The financial strategy should include a visioning of the shape of services in the future to achieve financial sustainability.	E	1. Following a review of the Council's financial stability and reserves which took place as part of the budget setting process towards the end of 2022, undertake a further review of the Council's financial stability and reserves in early 2023/24 and include this within the MTFS published in the summer. This will set out the Council's Reserves Strategy and a five-year forecast on all reserves. This review will also consider the Council's approach for dealing with long term significant risks, such as social care reforms, the DSG deficit after 2026 and any impact of changes to Government funding to manage any severe short-term reductions.	Finance SMT	February 2024
		2. Development of the MTFS in the summer will require a review of all underpinning assumptions and use of scenario planning to consider financial sustainability under a best and worst case scenario. It is likely significant budget reductions or new income opportunities will be required to achieve longer term financial sustainability and these discussions will be targeted through the lens of the Council Plan to ensure limited resources are spent in line with the priorities of the residents of West Sussex.	ELT/ Finance SMT	February 2024
		3. Lobbying will continue both individually and through the various networks across the sector to ensure Government funding recognises the challenges facing the sector.	ELT	February 2024
Balance sheet management review to be undertaken to support better management of assets and liabilities to improve service delivery.	O	1. Review GL balances on the balance sheet as part of the data cleanse for the data migration to the new financial system, Oracle. 2. Review the Council's provisions as part of the final accounts process for 2023/24.	Finance SMT	March 2024

Areas for improvement	Standard	Key actions	Who	When
Strengthen the alignment of finance and operational service plans	A	1. Strengthen the Council’s business planning process. The MTFs published in the summer will align, at an organisational level, the Council’s financial resources with the priorities in the Council Plan and will be used as a basis to align Directorate and departmental finance and operational plans. This will be driven forward through a new cross Council Business Planning Group which has been created and also through ELT and Directorate Management Teams.	ELT/ Finance SMT	March 2024
Refresh the Financial Regulations	B	1. The Financial Regulations will be reviewed as part of the implementation of Oracle and presented to the Regulation, Audit and Accounts Committee in September 2023.	Finance SMT	September 2023
Ensure all Budget Managers understand their responsibilities in line with the Financial Management Code	E, L	1. Define/develop roles and responsibilities for both Finance staff and Budget Managers. 2. Develop a plan for the financial management training to Budget Managers as part of the implementation of Oracle, to include the self-serve role Budget Managers will have for monitoring and forecasting their budgets.	ELT/ Finance SMT Smart core project team/ Finance SMT	March 2024 March 2024

**Key decision: Not applicable
Unrestricted**

Report to Regulation, Audit and Accounts Committee

July 2023

Anti-Fraud and Corruption Strategy & Anti-Money Laundering Policy

Director of Finance and Support Services

Recommendations

The Committee is asked to:

- (1) Approve the Anti-Fraud and Corruption Strategy and the Anti-Money Laundering Policy.
 - (2) Note that the Anti-Fraud and Corruption Strategy and the Anti-Money Laundering Policy will be reviewed in 2026.
-

Proposal

1 Introduction

- 1.1 West Sussex County Council is one of the largest organisations in the county, with assets, interests and annual transactions running into £ billions.
- 1.2 The County Council is committed to the highest standards of probity in the delivery of its services, ensuring proper stewardship of its funds and assets along with the prevention of fraud and the promotion of an anti-fraud culture. The Council has a zero-tolerance attitude to fraud requiring staff and Members to act honestly and with integrity at all times, and to report all reasonable suspicions of fraud. In support of this the Council has an Anti-Fraud and Corruption Strategy.
- 1.3 The County Council will do all it can to prevent the Council and its staff being exposed to money laundering, to identify the potential areas where it may occur, and to comply with all legal and regulatory requirements, especially for the reporting of actual or suspected cases. In support of this, the Council has an Anti-Money Laundering Policy.
- 1.4 Both the Anti-Fraud and Corruption Strategy and the Anti-Money Laundering Policy were last reviewed in 2016.

2 Review of policies

- 2.1 Both policies have been comprehensively updated and the key changes include:

Anti-Fraud and Corruption Strategy

- Taking on board an Internal Audit recommendation, the Policy Statement is now shown as a separate section within the strategy
- The introduction and definitions have been reworded to reflect best practice with other local authorities
- The role of the Southern Internal Audit Partnership and the Counter Fraud Unit have been clarified

Anti-Money Laundering Policy

- The Money Laundering Reporting Officer has been amended from the Head of Internal Audit to an officer directly employed by the County Council
- Taking on board an Internal Audit recommendation, the policy has been separated from the procedures
- The procedures now include practical examples of potential areas where money laundering could take place and signposts things to look out for
- The procedures set out the planned monitoring arrangements to ensure compliance
- The maximum limit of cash payments which the County Council will accept has been reduced from £10,000 to £5,000. The County Council have no recent experience of receiving large cash payments and the maximum limit is in line with the limit set by other authorities

2.2 Both policies reflect best practice from other local authorities and going forward, they will be reviewed every three years. Once the policies have been approved by the Regulation, Audit and Accounts Committee, they will be published and specifically communicated to those areas where there is the greatest risk.

2.3 The Fraud Response Plan which is held on the Council's intranet sharepoint site, has also been updated in line with the latest Anti-Fraud and Corruption Strategy.

3 Finance

3.1 There are no immediate costs associated with either policy but there are potential financial risks which are outlined in section 4.

4 Risk implications and mitigations

4.1 The Council could be exposed to both fraud and money laundering. In addition to the Anti-Fraud and Corruption Strategy and the Anti-Money Laundering Policy, there are a range of other policies that help to reduce the Council's risk. Details of these additional policies are set out in both documents.

4.2 Employees have a key responsibility to ensure the risk of fraud and money laundering is properly managed. Key to this is the internal control system for financial administration as set out in the Anti-Fraud and Corruption Strategy. The Council also has a Fraud Response Plan which sets out the actions that officers should take if they suspect fraud. It is the responsibility of managers at all levels to familiarise themselves with the types of fraud that may occur as well as potential money laundering activities. Managers should ensure that

their teams are aware of both policies and the Fraud Response Plan and these are all implemented in their service areas.

- 4.3 The Council recognises that the continuing success of its Anti-Fraud and Corruption Strategy and Anti-Money Laundering Policy will depend largely on risk awareness, the effectiveness of training and responsiveness of staff throughout the organisation. To facilitate this, there is induction and ongoing anti-fraud training, particularly for staff involved in internal control systems, to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced. Officers are currently reviewing delivery methods for anti-money laundering training. The outcomes from training provided will be subject to continuous review to ensure effectiveness.
- 4.4 The risk of the Council being exposed to money laundering is currently considered to be low, based on the low amount of cash the Council receives from income sources, as well as the low volumes and value of refunds which are processed.
- 4.5 The latest Anti-Fraud and Corruption Strategy, the Anti-Money Laundering Policy and the Fraud Response Plan will be accessible via the Council's external website. Officers will also be able to readily access these documents on the Council's internal sharepoint site.

Taryn Eves

Director of Finance and Support Services

Contact Officer

Vicky Chuter, Financial Reporting Manager, 033 022 23414

Appendices

Appendix A – Anti-Fraud and Corruption Strategy

Appendix B – Anti-Money Laundering Policy

Background Papers

None.

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Anti-Fraud and Corruption Strategy

Document Owner	Version
Vicky Chuter, Financial Reporting Manager, Corporate Finance Tel: 03302 223414 Vicky.chuter@westsuss ex.gov.uk	Version 2

Document Review History

Version	Reviewed	Reviewer	Approver	Date approved
Original			RAAC	14 November 2005
1			RAAC	28 November 2016
2	May 2023	Vicky Chuter	RAAC	
Next Review Date	June 2026			

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A. Policy Statement

1. Introduction

- 1.1. West Sussex County Council (WSCC) is one of the largest organisations in the county, with assets, interests and annual transactions running into £ billions.
- 1.2. Fraud against Local Government is estimated to cost over £7 billion per year. This is a significant loss to the public purse. To reduce these losses West Sussex County Council is committed to:
 - The highest standards of probity in the delivery of its services, ensuring proper stewardship of its funds and assets.
 - The prevention of fraud and the promotion of an anti-fraud culture.
 - A zero-tolerance attitude to fraud requiring staff and Members to act honestly and with integrity at all times, and to report all reasonable suspicions of fraud.
 - The investigation of a risk-based response to all instances of actual, attempted or suspected fraud. The Council will seek to recover any losses and pursue appropriate sanctions against the perpetrators. This may include criminal prosecution, disciplinary action, legal proceedings and professional sanctions.

Definitions of Fraud

- 1.3. The Council has adopted the standard definitions of fraud as outlined in the Fraud Act 2006 as 'any activity where deception is used for personal gain or to cause loss to another.' Fraud can be committed in one of three ways:
 - **Fraud by false representation** – Examples include providing false information on a grant or Blue Badge application, staff claiming to be sick when they are in fact fit and well, or submitting time sheets or expenses with exaggerated or entirely false hours and/or expenses.
 - **Fraud by failing to disclose information** – Examples include failing to disclose a financial interest in a company WSCC is trading with or failing to disclose a personal relationship with someone who is applying for a job at the Council.
 - **Fraud by abuse of position** – Examples include a carer who obtains money or gifts by deceiving the person they are caring for, or staff who order goods and services through the Council's accounts for their own use.
- 1.4. While fraud is often seen as a complex financial crime, in its simplest form, fraud is lying. Some people will lie, or withhold information, or generally abuse their position to try to trick someone else into believing something that is not true.

Definition of Corruption

- 1.5. The Council defines corruption as the abuse of entrusted power for private gain involving the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.¹

B. Standards & Culture

- 2.1. The County Council commits to high standards of integrity, honesty and transparency in its operations, contractual arrangements and financial systems and has a range of policies and controls to ensure employees and elected Members are able to maintain these standards and obtain assurance that they are effective.
- 2.2. WSCC promotes a culture of honesty and opposition to fraud and corruption based on the Seven Principles of Public Life, as set out by Lord Nolan in 1995. The Council will ensure probity in local administration and governance and expects the following from all employees, agency workers, volunteers, suppliers and those providing services under a contract with WSCC.
- **Selflessness** - Act solely in terms of the public interest.
 - **Integrity** - Avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any conflicting interests and relationships.
 - **Objectivity** - Act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
 - **Accountability** - Be accountable to the public for their decisions and actions and must be prepared for the scrutiny necessary to ensure this.
 - **Openness** - Act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
 - **Honesty** - Be truthful and avoid any situation where honesty may be questioned or perceived to be compromised.
 - **Leadership** - Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.
- 2.3. The Council's Members, employees and other stakeholders are an important element in its stance on fraud and corruption and they are positively encouraged to raise any concerns they may have. They can do this in the knowledge that such concerns will be treated in confidence and properly investigated. Protection is afforded to individuals through the

¹ HM Government (2014) UK anti-corruption plan.

Council's Whistleblowing Policy which is available on the County Council's intranet. If necessary, a route other than via a line manager may be used to raise such concerns. Examples of such routes are:

- Internal Audit - Fraud Hotline - 0330 2228666; fraudhotline@westsussex.gov.uk
- The Chief Finance Officer (Director of Finance and Support Services) or Monitoring Officer (Director of Law and Assurance)
- Confidential Reporting Contact Officer as set out in the Whistleblowing Policy
- Directors/Assistant Directors/Heads of Service.

2.4. Members of the public are also encouraged to report concerns through any of the above routes, or if appropriate, through the County Council's Complaints Procedure.

Other relevant policies and procedures

2.5. In addition to this strategy there are a range of policies and procedures that help reduce the Council's fraud risks. These include:

- Anti-Bribery Policy and Procedures (November 2015, next review in 2023)
- Anti-Money Laundering Policy (May 2023, next review June 2026)
- Whistleblowing Policy (July 2020)
- Code of Governance (February 2022)
- Disciplinary Policy and Procedures (January 2021)
- Financial Regulations (July 2018, under review in 2023)
- Code of Conduct (December 2022)
- Guidance on Propriety and Official Conduct (November 2016)
- Standing Orders on Contracts and Procurement (October 2022)

C. Roles and Responsibilities

3.1 The Role of Employees

- 3.1.1. WSCC expects its employees, including those working in maintained schools, to be alert to the possibility of fraud and corruption and to report any suspected fraud or other irregularities to their Head of Service, to the Director of Finance and Support Services or to the Counter Fraud Unit - Southern Internal Audit Partnership (SIAP), details as set out in paragraph 2.3 above.
- 3.1.2. Employees are expected to be familiar with and to comply with the Guidance on Propriety and Official Conduct, Financial Regulations, Standing Orders on Contracts and Procurement, their Directorate Scheme of Delegation and the Council's policies and procedures relating to their area of operation.
- 3.1.3. It is the responsibility of every employee to ensure that they are aware of these policies and procedures. Where employees are also members of professional bodies, they should also follow the standards of conduct laid down by them.
- 3.1.4. Employees are under a duty to properly account for and safeguard the money and assets under their control/charge.

- 3.1.5. Employees are required to provide a written declaration of any financial and non-financial interests or commitments, which may conflict or may be reasonably perceived to conflict with WSCC's interests. WSCC Financial Regulations specify that employees who have a direct or indirect financial interest in a contract shall not be supplied with, or given access to any tender documents, contracts or other information relating to them, without the authority of the relevant Director.
- 3.1.6. Failure to disclose an interest or the acceptance or offering of an inappropriate reward may result in disciplinary action or criminal liability (in which case the matter will be referred to the police). Staff must also ensure that they make appropriate disclosures of gifts and hospitality – both offered and accepted in accordance with the Council's policy on propriety and official conduct.
- 3.1.7. Managers at all levels are responsible for familiarising themselves with the types of fraud that might occur and the risks of fraud within their directorates and should ensure the communication and implementation of this strategy within their area of service or operational responsibility.
- 3.1.8. Managers are expected to create an environment in which their staff feel able to approach them with any concerns that they may have about suspected fraud or any other financial irregularities.

3.2 The Role of Elected Members

- 3.2.1 As elected representatives, all Members of West Sussex County Council have a duty to act in the public interest and to do whatever they can to ensure that the Council uses its resources in accordance with statute and in accordance with the Council's policies and systems of control.
- 3.2.2 This is achieved through Members operating within:
 - The Council's Code of Conduct (Constitution Part 5)
 - Sections 30 to 32 of the Localism Act 2011 (rules about personal interests)
 - The Council's Constitution including the Council's Standing Orders and scheme of delegation.

D. Prevention

4.1. Responsibilities of Employees and their managers

- 4.1.1. The Council recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential employees, in terms of their propriety and integrity. In this regard temporary and agency workers should be treated in the same manner as permanent employees.
- 4.1.2. Employee recruitment is required, therefore, to be in accordance with procedures laid down by the County Council and applied by Human Resources and, in particular, to obtain at least two written references regarding known honesty and integrity of potential staff and also to

verify qualifications held before unconditional employment offers are made. Equivalent checks will be made through employment agencies where appropriate.

- 4.1.3. Employees are expected to follow any code of conduct related to their personal professional body and also abide by the Council's Standards of Conduct which are referred to in all contracts of employment and can be accessed via the Intranet.
- 4.1.4. The Council has in place a Disciplinary Procedure for all employees which includes a robust investigation procedure.
- 4.1.5. The role that employees are expected to play in the Council's framework of internal control will feature in staff induction procedures and all staff must complete the required elements of induction and managers must ensure this happens.
- 4.1.6. Employees are reminded that under the Council's Standing Orders they must operate within Section 117 of the Local Government Act 1972. This covers the disclosure of pecuniary interests in contracts relating to the County Council and the duty to avoid receiving any fees or rewards for their work other than their proper remuneration. All employees must declare offers of any gifts and hospitality to their Director for approval before acceptance and for inclusion on the corporate register. These requirements as well as guidance on bequests are set out in the Council's Guidance on Employee Conduct and Propriety which can be accessed via the HR Zone on the Intranet. The requirements are also set out in the Council's Anti Bribery Policy and Procedures.

4.2. Responsibilities of Management

- 4.2.1. The primary responsibility for the prevention and detection of fraud is with management. They must ensure that they have the appropriate controls in place, that those controls are operating as expected and being complied with. They must ensure that adequate levels of checks are included in working practices, particularly financial. It is important that duties are organised in such a way that no one person can carry out a complete transaction with financial consequences without some form of recorded checking or approval process being built into the system.
- 4.2.2. Managers are responsible for following up and escalating any allegation of fraud or corruption received. There is a need to ensure that any investigation process is based on credible evidence or reliable grounds for suspicion and is not misused. Any abuse such as raising unfounded or malicious allegations will be dealt with as a serious matter which may result in disciplinary action.

4.3. Contractors, Suppliers and Service Providers

- 4.3.1. The County Council expects that:
 - Individuals and partners (e.g. suppliers, contractors) will act towards the Council with integrity and without intentions or actions involving or creating risks of fraud and corruption;

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- Contractors will be able to demonstrate that they have adequate systems of control to ensure the prevention and detection of fraud and corruption in relation to services provided to or for the Council;
- All employees or representative of partners or others the Council has dealings with should report any concerns they have through the Fraud Hotline, Whistleblowing Policy or Complaints Procedure.

4.3.2. The County Council will, wherever practicable make it a condition of the contract that:

- (a) the contractor and the contractor's representatives shall familiarise themselves with the Council's Standing Orders on Procurement and Contracts, the Council's Anti-fraud and Corruption Strategy, the Council's Whistleblowing Policy, and the Council's dedicated fraud reporting hotline, and
- (b) if any of the contractor's representatives makes a protected disclosure (as defined by relevant law) that representative shall not for that reason be subjected to any detriment or disadvantage by the contractor or anyone acting for them.

4.4. Responsibilities of Partnerships and Voluntary Organisations

4.4.1. All partnerships and joint working arrangements that are in receipt of Council funding or resources are expected to demonstrate appropriate mechanisms for control which ensure the prevention and detection of fraud and corruption.

4.4.2. Voluntary organisations should be expected to follow the standards set by the Council, including the need to report any concerns over possible fraud and corruption in relation to activities connected with the County Council or involving Council funds.

4.5. Internal Control System for Financial Administration

4.5.1. The Council's Constitution contains Standing Orders on Procurement and Contracts and Financial Regulations and there are separate detailed Financial Procedures in place which are an extension the Financial Regulations. These require staff, when dealing with the Council's affairs, to act in accordance with relevant statutory provisions and best practice.

4.5.2. The Director of Finance and Support Services has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure the proper arrangements of the Council's financial affairs. The Director of Finance and Support Services has developed systems of control which underpin Financial Regulations and Financial Procedures and outline the systems, procedures and responsibilities of staff in relation to the Council's financial activity. The Director of Finance and Support Services also maintains a Head of Profession role within the Council and, through this, exercises, amongst other things, a quality control on financial administration.

4.5.3. The Council has developed and maintains systems and procedures which incorporate efficient and effective internal controls. These include adequate separation of duties to ensure that error and impropriety are

prevented. Under Financial Regulations Directors/Assistant Directors/Heads of Service must comply with the Director of Finance and Support Services' recommendations regarding the operation of financial procedures. Standing Orders on Procurement and Contracts require every contract to include an anti-corruption clause in a prescribed format.

- 4.5.4. The Council deploys a number of safeguards at different levels to minimise the risks of identity theft, IT fraud and theft from electronic systems. Access controls to the data network and financial systems are password protected.
- 4.5.5. External exposure to IT fraud and theft via electronic systems is prevented by the deployment of firewall technology, the use of encryption techniques and the separation of access controls.
- 4.5.6. There is a requirement for all staff to undertake data security training to safeguard data and reduce the risk of data loss to fraud and error.
- 4.5.7. The existence, appropriateness and effectiveness of these internal controls are independently monitored by the Council's Internal Audit service. Additionally, the Council's published Annual Governance Statement includes a review of the effectiveness of controls.
- 4.5.8. Under section 5 of the Local Government and Housing Act 1989 the Council has to appoint a Monitoring Officer. In West Sussex this is the Director of Law and Assurance.
- 4.5.9. It is the duty of the Monitoring Officer to report potential or actual illegality. Any type of fraud and corruption is illegal and, therefore, the Monitoring Officer will have a key role with the Section 151 officer in uncovering and dealing with allegations or instances of fraud and corruption.

4.6. Working with Others

- 4.6.1. Arrangements are in place and continue to develop to encourage the exchange of information between the Council and other agencies on national and local fraud and corruption activity in relation to local authorities. The Council participates in the National Fraud Initiative through the sharing and matching of mandated data with other public agencies.
- 4.6.2. With the rapid increase in recent years of frauds perpetrated against a variety of organisations, which usually include fraudsters having multi-identities and addresses, the necessity to liaise between organisations has become paramount, and some of these include:
 - Police;
 - Other local authorities;
 - Society of County Treasurers;
 - Heads of Audit Networks;
 - National Anti-fraud Network (NAFN);
 - South East Counter Fraud Hub
 - Appointed external auditors;

- Other outside agencies.

4.7. National Fraud Initiative

- 4.7.1. West Sussex County Council participates in the National Fraud Initiative (NFI). This requires public bodies to submit a number of data sets (to the Cabinet Office) for example payroll, pension, and accounts payable (but not limited to these) which is then matched to data held by public and private sector bodies. Any positive matches (e.g. an employee on the payroll in receipt of housing benefit) are investigated.

4.8. Training

- 4.8.1. The Council recognises that the continuing success of its Anti-Fraud and Corruption Strategy will depend largely on risk awareness, the effectiveness of training and responsiveness of staff throughout the organisation.
- 4.8.2. To facilitate this, the Council will provide induction and ongoing training, particularly for staff involved in internal control systems, to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced. General Fraud Awareness eLearning is also available to all staff. The outcomes from training provided will be subject to continuous review to ensure effectiveness.
- 4.8.3. The likelihood of disciplinary action against staff who ignore such training and guidance is part of the Council's anti-fraud policy.
- 4.8.4. The investigation of fraud and corruption centres on SIAP's Counter Fraud Unit. It is essential therefore, that staff involved in this work should also be properly and regularly trained and the training plans of audit staff reflect this requirement.

E. Detection and Investigation

- 5.1.1. All Heads of Services and other managers must aim to prevent and detect fraud and corruption. This is achieved by maintaining good control systems within the organisation, and ensuring people work within them. All managers should assess the risk of fraud in their areas and take active steps to mitigate these risks.
- 5.1.2. The preventative systems, particularly internal control systems within the Council, have been designed to provide indicators of, and help to deter, any fraudulent activity.
- 5.1.3. It is often the alertness of the Council's employees and the public to indicators of fraud and corruption that enables detection to occur and the appropriate action to take place when there is evidence that fraud or corruption may have been committed or is in progress.
- 5.1.4. Many frauds are discovered by chance or 'tip-off' and the Council has in place arrangements to enable such information to be properly dealt with. Contact details are shown within this Strategy in Section B and in the Fraud Response Plan.

- 5.1.5. As set out in the Financial Regulations and Procedures employees of the Council are required to report all suspected irregularities to their Director, who should then immediately inform the Director of Finance and Support Services (unless Whistleblowing procedures apply). In practice, for this purpose, the Head of SIAP represents the Director of Finance and Support Services. Reporting is an essential element of the Anti-Fraud and Corruption Strategy and ensures:
- Consistent treatment of information regarding fraud and corruption
 - Proper investigation by an independent and experienced audit team where appropriate
 - The proper implementation of a Fraud Response Plan
 - The optimum protection of the County Council's interests
 - The extent of the County Council's exposure to fraud can be measured and monitored.
- 5.1.6. Depending on the nature and the extent of the allegations, the Counter Fraud Unit will normally work closely with managers, HR professionals and other agencies, such as the police, to ensure that all allegations and evidence are properly investigated and reported upon and, where appropriate, maximum recoveries are made for the Council.
- 5.1.7. Any information passed on to the SIAP Counter Fraud Unit will be dealt with confidentially and fairly. When total anonymity cannot be absolutely guaranteed, every endeavour will be made not to reveal the names of those who pass on information and to inform such persons when anonymity cannot be maintained.
- 5.1.8. Managers in conjunction with advice from an HR professional will follow the Council's disciplinary procedures where the outcome of the audit investigation indicates improper behaviour.
- 5.1.9. The Council will normally inform the police of financial impropriety and expect them to independently investigate and prosecute where appropriate. Referral to the police is decided by the Director of Finance and Support Services (Chief Finance Officer) and Director of Law and Assurance with the relevant Director/Assistant Director/Head of Service and having taken into account the advice of the Head of Southern Internal Audit Partnership. Referral to the police will not prohibit action under the disciplinary procedure but it may affect its timing: the Monitoring Officer should always be consulted before initiating any disciplinary action when the matter has been referred to the police.
- 5.1.10. Where the Council has suffered loss, recompense will be sought for any benefit or advantage obtained and the recovery of costs will be sought from individual(s) or organisations responsible for fraud.

F. Conclusion

- 6.1 The Council has in place a clear network of systems and procedures to assist it in the fight against fraud and corruption. It is determined that these arrangements will keep pace with any future developments, in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation or related responsibilities.

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- 6.2 To this end, the Council maintains a continuous overview of such arrangements and, in particular, through its Director of Finance and Support Services, management reviews and independent assessment by SIAP.

- 6.3 This Strategy will be subject to a 3-yearly review to ensure its currency.



Anti-Money Laundering Policy

Document Owner	Version
Vicky Chuter, Financial Reporting Manager, Corporate Finance Tel: 03302 223414 Vicky.chuter@westsussex.gov.uk	Version 2

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Original			RAAC	14 November 2005
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2	May 2023	Vicky Chuter	RAAC	
Next Review Date	June 2026			

Anti-Money Laundering Policy

West Sussex County Council will do all it can to prevent the Council and its staff being exposed to money laundering, to identify the potential areas where it may occur, and to comply with all legal and regulatory requirements, especially for the reporting of actual or suspected cases.

Key Points

- The Council is committed to the prevention, detection and reporting of money laundering
- All Members and staff must be vigilant for the signs of money laundering
- Any employee who suspects money laundering activity must report this promptly to the Money Laundering Reporting Officer
- No payment to the Council will be accepted in cash if it exceeds £5,000
- Cumulative cash payments reaching £5,000 or more from a single source will be examined to assess the risk of money laundering.
- Where the Council is carrying out relevant business the Client Identification Procedure must be followed (see Appendix A, Section 2).

1. Introduction

- 1.1. West Sussex County Council (WSSC) has a zero-tolerance policy concerning money laundering and is committed to the highest standards of conduct.
- 1.2. The Proceeds of Crime Act (POCA) 2002, the Terrorism Act 2000 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 place obligations on WSSC and its employees to ensure that procedures are in place to prevent the Council's services, contracts or financial transactions being used for money laundering.
- 1.3. The requirements of WSSC of the legislation are:
 - To appoint a money laundering reporting officer (Nominated Officer)
 - Implement a procedure to receive and manage the concerns of staff about money laundering and their suspicion of it, and to submit reports where necessary, to the National Crime Agency (NCA)
 - To make those staff most likely to be exposed to money laundering situations aware of the requirements and obligations placed on the organisation, and on them as individuals
 - To give targeted training to those considered to be the most likely to encounter money laundering.
- 1.4. This Policy sets out the process to fulfil the requirements of the legislation and minimise the risk, as well as provide guidance on the Council's money laundering procedures which are set out in Appendix A. Adhering to this Policy and guidance will protect employees from the risk of prosecution if they become aware of money laundering activity while employed by the Council.

- 1.5. The Policy is not intended to prevent customers and service providers from making payments for Council services, but to minimise the risk of money laundering in high value cash transactions.

2. Policy Statement

- 2.1. The Council's Policy is to do all it can to prevent, wherever possible, the Council and its staff being exposed to money laundering, to identify the potential areas where it may occur, and to comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases. All staff have a responsibility to be vigilant.

3. Scope of the Policy

- 3.1. This Policy applies to Members and all employees of the Council. It aims to maintain the high standards of conduct which currently exist within the Council by preventing criminal activity through money laundering. The Policy sets out the procedures, in Appendix A, which must be followed to enable the Council to comply with its legal obligations.
- 3.2. This Policy sits alongside the Council's Anti-Fraud and Corruption Strategy.
- 3.3. Failure by a member of staff to comply with the procedures set out in this Policy may lead to disciplinary action being taken against them. Any disciplinary action will be dealt with in accordance with the Council's Disciplinary Policy.

4. What is money laundering?

- 4.1. Money laundering is the term used for a number of offences involving the proceeds of crime or terrorism funds. The following acts constitute money laundering:
 - concealing, disguising, converting, transferring criminal property and cash, or removing it from the UK (section 327 of the Proceeds of Crime Act 2002);
 - entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (section 328);
 - acquiring, using or possessing criminal property (section 329);
 - becoming concerned in an arrangement facilitating concealment, removal from the jurisdiction, transfer to nominees or any other retention or control of terrorist property (section 18 of the Terrorism Act 2000), that will benefit a terrorist organisation.
- 4.2. These are the primary money laundering offences and are thus prohibited by law. There is also a secondary offence: failure to disclose any of the four primary offences.

- 4.3. Any Member or member of staff could potentially be caught by these money laundering provisions, if they suspect money laundering and either become involved with it in some way and/or do nothing about it. This Policy sets out how any concerns should be raised.
- 4.4. While the risk to the Council of contravening the legislation is low, it is important that all employees are familiar with their responsibilities as serious criminal sanctions may be imposed for breaches of the legislation. The key requirement on employees is to promptly report any suspected money laundering activity to the Money Laundering Reporting Officer.

5. Identifying Money Laundering

- 5.1. There is no clear definition of what constitutes a suspicion of money laundering. Common sense will be needed. See Appendix A for a list of areas that may be affected. Although you do not need to have actual evidence that money laundering is taking place, mere speculation is unlikely to be sufficient to give rise to knowledge or suspicion. However, if you deliberately shut your mind to the obvious or suspicious, this will not absolve you of your responsibilities under the legislation.
- 5.2. Examples of money laundering activity include:
 - Large cash payments,
 - Asking for cash refunds on credit card payments,
 - Overpaying invoices and then asking for cash refunds, or
 - Unusual property transactions or unusual transfer of assets or funds.
- 5.3. Any transaction or series of transactions involving an unusually large amount of cash should cause concern and prompt questions to be asked about the source. This will particularly be the case where the value of cash paid exceeds the amount due to settle the transaction and the person(s) concerned ask for a non-cash refund of the excess.
- 5.4. If the person(s) concerned use trusts or offshore funds for handling the proceeds or settlement of a transaction, then the reasons for this should be questioned.
- 5.5. Care should be exercised and questions asked where:
 - A third-party intermediary becomes involved in a transaction;
 - The identity of a party is difficult to establish, or is undisclosed;
 - A company is used where the ultimate ownership of the company is concealed or difficult to verify; and/or
 - A party is evasive about the source or destiny of funds

6. The Money Laundering Reporting Officer (MLRO)

- 6.1. The officer nominated to receive disclosures about money laundering activity within the Council is the Financial Reporting Manager.

Contact details are as follows:

Vicky Chuter
Financial Reporting Manager
West Sussex County Council
County Hall
Chichester
West Sussex
PO19 1RQ
Telephone: 03302 2223414

E-mail: vicky.chuter@westsussex.gov.uk

7. Further Information

7.1. Further information can be obtained from the following sources:

- National Crime Agency (NCA) - [Money laundering and illicit finance - National Crime Agency](#)
- Combating Financial Crime: Practical Advice for the Public Sector (2020 Edition)
- "Proceeds of Crime (Anti-Money Laundering) – Practical Guidance for Public Service Organisations" – CIPFA
- Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
- "Anti-Money Laundering (Proceeds of Crime and Terrorism) – Second Interim Guidance for Accountants" – CCAB (www.ccab.org.uk)
- Money Laundering Guidance at www.lawsociety.org.uk
- HMRC - <https://www.gov.uk/report-tax-fraud>

8. Conclusion & Risk Assessment

8.1. The risk of WSCC being exposed to money laundering is currently considered to be low. This assessment is based on the low amount of cash the Council receives from income sources, low volumes and low amounts of refunds being made and the controls that we have in place relating to asset transfers, contracts and property transactions. However, failure to comply with legislation and the relevant guidance by individuals could lead to prosecution, so continual vigilance and compliance is essential.

Anti-Money Laundering Procedures

1. Reporting Concerns

- 1.1. Any employee who suspects money laundering activity must report their suspicion promptly to the Money Laundering Reporting Officer (MLRO), or to the MLRO's deputy if appropriate, using the attached form (Appendix B). If you would prefer, you can discuss your suspicions with the MLRO or their deputy first.
- 1.2. The employee must follow any subsequent directions of the MLRO or deputy and must not themselves make any further enquiries into the matter. They must not take any further steps in any related transaction without authorisation from the MLRO.
- 1.3. The employee must not disclose or otherwise indicate their suspicions to the person suspected of the money laundering. They must not discuss the matter with others or note on the file that a report has been made to the MLRO in case this results in the suspect becoming aware of the situation.
- 1.4. The MLRO or deputy must promptly evaluate any report of potential money laundering, to determine whether it should be reported to the National Crime Agency (NCA)¹.
- 1.5. The MLRO or deputy must, if they so determine, promptly report the matter to NCA. The NCA website is at [Suspicious Activity Reports - National Crime Agency](#)
- 1.6. The MLRO or deputy will commit a criminal offence if they know or suspect, or have reasonable grounds to do so, through a disclosure being made to them, that another person is engaged in money laundering and they do not disclose this as soon as practicable to the NCA.

2. Responsibility of employees

- 2.1 All employees have a responsibility to be vigilant for potential money laundering activities when transacting with third parties. Alongside the internal controls in place to minimise the potential for money laundering, staff should continue to be aware of this risk. Where the Council is carrying out 'relevant business'² and, as part of this:
 - forms an on-going business relationship with a person or organisation; or
 - undertakes a one-off transaction involving cash payments by or to the other(s) of £5,000 or more; or
 - undertakes a series of linked one-off transactions involving total payment by or to the other(s) of £5,000 more; or

¹ formerly the Serious Organised Crime Agency (SOCA).

² The Act defines Relevant business as the provision 'by way of business' of: advice about tax affairs; accounting services; audit services; legal services involving financial or real property transactions; services involving the formation, operation or arrangement of a company or trust or; dealing in goods wherever a transaction involves a cash payment of €10,000 (or Sterling equivalent) or more.

- it is known or suspected that a one-off transaction (or a series of them) involves money laundering;

then the procedure (as set out below) must be followed before any business is undertaken for that client.

2.2 Where the 'relevant business' is being provided to another public sector body you must ensure that you have signed, written instructions on the body's headed paper before any business is undertaken.

2.3 If the 'relevant business' is being provided externally then the following additional checks must be completed:

- Check the organisation's website and other publicly available information such as telephone directory services and Companies House to confirm the identity of the personnel, their business address and any other details;
- Ask the key contact officer to provide evidence of personal identity and position within the organisation, for example a passport, photo ID card, driving licence and signed, written confirmation from the Head of Service or Chair of the relevant organisation that the person works for the organisation. This can be obtained through electronic ID verification if it is free from fraud and provide sufficient assurance of the identity of the individual;
- Enhanced due diligence will be required for any transaction where the organisation is established in or operating from a country or foreign jurisdiction considered to be unusual or unfamiliar, or where the transaction is complex or unusually large.

3. The types of activities that may be affected

3.1 The following table sets out the types of activities that might be suspicious, and how the Council may come across those activities. It is not intended to be exhaustive, and just because something you are suspicious about is not on the list, it doesn't mean you shouldn't report it.

Activity	The types of activity that may be affected
New customers with high value transactions	<ul style="list-style-type: none"> • Selling property to individuals or businesses • Renting out property to individuals or businesses • Entering into other lease agreements • Undertaking services for other organisations
Secretive clients	<ul style="list-style-type: none"> • People buying or renting property from the Council who may not want to say what it is for • People receiving grant funding who refuse to demonstrate what funding was used for
Customers who we think are acting dishonestly or illegally	<ul style="list-style-type: none"> • People paying for Council services who do not provide details about themselves • People making odd or unusual requests for payment arrangements

Activity	The types of activity that may be affected
Illogical transactions	<ul style="list-style-type: none"> • People paying in cash then requesting refunds • Requests for the Council to pay seemingly unconnected third parties in respect of goods / services provided to the Council • Requests for the Council to pay in foreign currencies for no apparent reasons
Payments of substantial sums by cash	<ul style="list-style-type: none"> • Large debt arrears paid in cash • Refunding overpayments • Deposits / payments for property
Movement of funds overseas	<ul style="list-style-type: none"> • Requests to pay monies overseas, potentially for "tax purposes"
Cancellation of earlier transactions	<ul style="list-style-type: none"> • Refunds for services no longer needed / used. Extra vigilance is required if payment request is not to the original payee. • No payment demanded even though good / service has been provided. Possible unwillingness to share bank details. • Sudden and unexpected termination of lease agreements. These can be suspicious, as formal leases can legitimise company addresses and cash flows.
Requests for client account details outside normal course of business	<ul style="list-style-type: none"> • Queries from other companies regarding legitimacy of customers • Council receiving correspondence / information on behalf of other companies

4. Record Keeping

3.2 Where 'relevant business' is carried out the client identification evidence and details of the relevant transaction(s) for that client must be retained for at least five years.

4 Monitoring Arrangements

4.1 An annual review of key service areas will be undertaken in order to gain assurance that adequate monitoring arrangements are in place and that any potential money laundering activity has been identified and appropriate action taken.

5. Guidance and Training

5.1 In support of the policy and procedure, the Council will:

- make all staff aware of the requirements and obligations placed on the Council and on themselves as individuals by the anti-money laundering legislation; and
- targeted training for those most likely to encounter money laundering.

Disclosure Report to Money Laundering Reporting Officer

Your Contact Details

Please provide your contacts details in the box below so we can confirm that we have received the report and get into contact with you if required.

Name:	
Role:	
Email:	
Contact Telephone:	

Main Subject

Please provide the details of the person you suspect of money laundering. If you suspect more than one person, please fill in the additional boxes below.

Name:	
Date of Birth:	
Gender	
Occupation:	
Reason for Association:	
Address:	
Type: (Home, Work, etc)	

Transaction(s)

Please enter the details of the transactions you think are suspicious

Date:	
Amount:	
Currency:	
Credit/Debit	
Reason for the Transaction	

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Appendix 2

Date:	
Amount:	
Currency:	
Credit/Debit	
Reason for the Transaction	

Account(s)

Please enter details of the account(s) used.

Account Holder's Name:	
Account number	
Sort Code	
Current Balance	
Balance Date	

Account Holder's Name:	
Account number	
Sort Code	
Current Balance	
Balance Date	

Associated Subjects:

If there are any other people you suspect are involved in money laundering, please enter their details below.

Name:	
Date of Birth:	
Gender	
Occupation:	
Reason for Association:	

Address:	
Type: (Home, Work, etc)	

Name:	
Date of Birth:	
Gender	
Occupation:	
Reason for Association:	
Address:	
Type: (Home, Work, etc)	

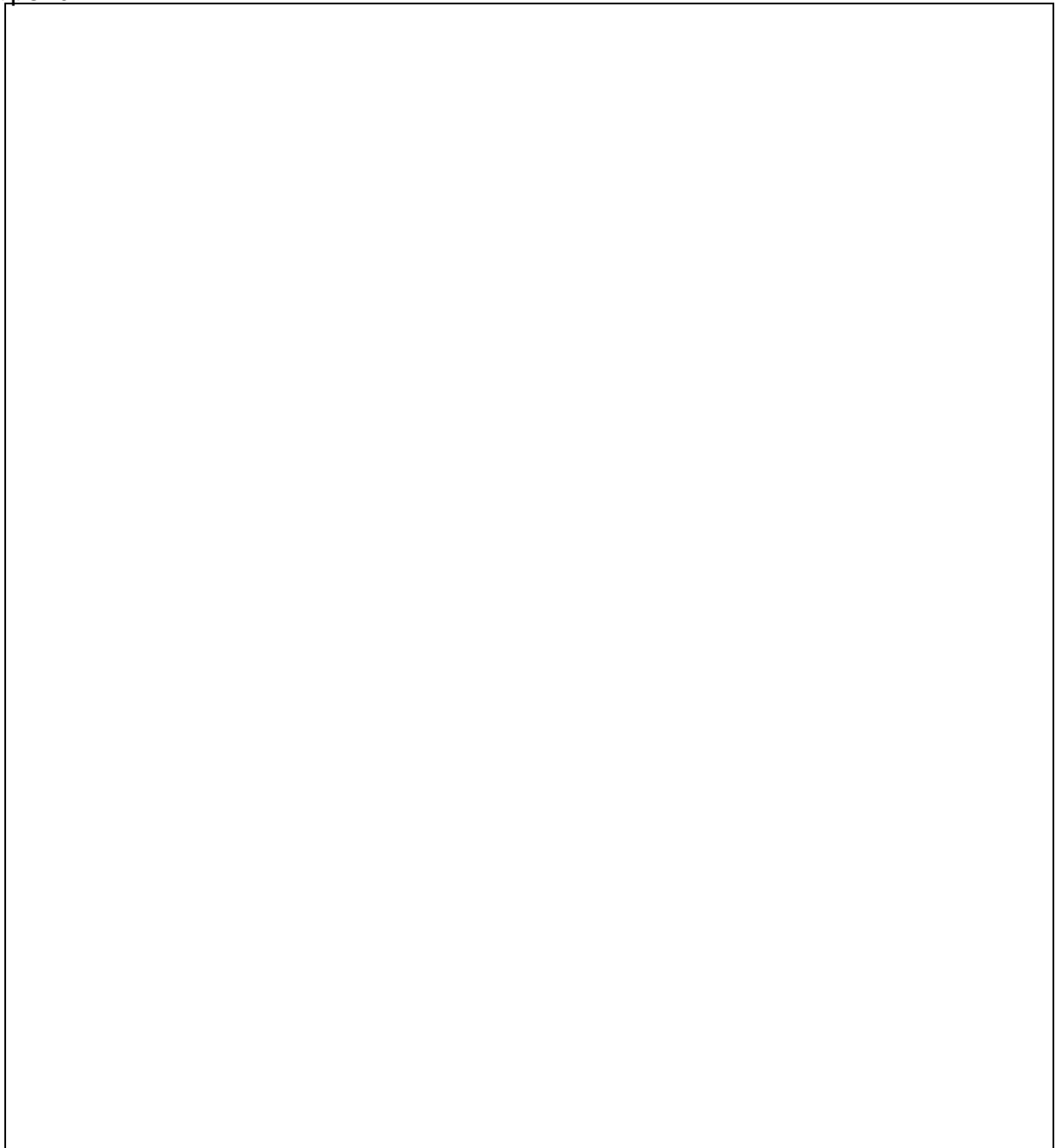
Linked addresses:

Please enter details of any linked addresses:

Address:	
Continued:	
Continued	
Type: (Home, Work, etc)	

Reason for Suspicion:

Please enter details of your suspicions. Please provide as much information as possible, overleaf.



**Key decision: Not applicable
Unrestricted**

Regulation, Audit and Accounts Committee

14 June 2023

Treasury Management Compliance Report – First Quarter 2023/24

Report by Director of Finance and Support Services

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 2023/24 the County 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.

Recommendation

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

Proposal

1. Introduction

1.1 The County 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 County Council is implementing best practice in accordance with the Code.

2. Compliance Report

2.1 Throughout the first quarter of 2023/24 the County 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. No counterparty that the County Council held investments with during the quarter was negatively impacted by credit rating updates as published by Fitch, Moody's and Standard & Poor's, credit default swap/equity price trends and general media alerts (*Note: National Westminster Bank Plc upgraded from A to A+ by Standard & Poor's during the quarter*).

- 2.2 **Borrowing:** On 30 June 2023 the County Council's Public Works Loan Board (PWLB) long-term borrowing for capital purposes totalled £461.3m (unchanged from 31 March 2023). During the first quarter of 2023/24:
- (a) No new external borrowing (including forward borrowing) for capital purposes was undertaken during the period.
 - (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) and overdraft facilities with the County Council's main provider of banking services (Lloyds), no short-term borrowing was undertaken for cash flow purposes. The County Council's policy of funding daily cash flow shortages from balances held in short-term Money Market Funds was maintained throughout the period.
- 2.3 In accordance with the approved 2023/24 Treasury Management Strategy, the County Council's Liability Benchmark model will be updated during the year thereby keeping the Council's borrowing position under regular review. The Liability Benchmark (including future iterations of the model) is used to forecast the timing of when new external borrowing will be required to finance the County Council's capital expenditure plans (*currently forecast to be 2025/26 as set-out in paragraph 6.17 of the 2023/24 Treasury Management Strategy*).
- 2.4 **Investment:** The average level of County Council funds available for treasury investment during 2023/24 (to 30 June) was £457.5m (£450.9m average throughout 2022/23). Total levels of investments, including cash balances held in the County Council's main Lloyds business bank accounts, amounted to £409.7m on 30 June 2023 (£394.9m as of 31 March 2023) as shown in Table 1 (paragraph 2.7). In line with usual cash-flow movements observed during the first quarter of a financial year, cash balances available for investment remain at elevated levels, a consequence of Capital and Revenue funding received ahead of planned spend and levels of usable reserves that the County Council continues to hold.
- 2.5 During the first quarter of 2023/24, the County Council complied with the approved Treasury Management Strategy through the arrangement of short term investments (up to one year) in UK Government deposits (via the Debt Management Office), financial institution deposits and local authority loans; with liquidity to meet all financial obligations as they arose being maintained in Money Market Funds.
- 2.6 UK banking legislation continues to place 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 short-term investments (including unsecured bank deposits and Money Market Funds) however remains an integral part of the County Council's treasury management strategy in maintaining both adequate cash-flow liquidity and supporting investment returns.
- 2.7 As a consequence, the disposition of bank unsecured and other investments on 30 June 2023 as compared with 31 March 2023, is detailed below:

Table 1 – Disposition of Investments by Counterparty Type

Counterparty Type	Mar-23 £m	Mar-23 %	Jun-23 £m	Jun-23 %
Banks Unsecured (Deposits)	108.4	27.5	113.6	27.7
Short-Term Money Market Funds	90.9	23.0	96.1	23.5
Total Bank Unsecured	199.3	50.5	209.7	51.2
Bank Secured (Deposits)	0.0	0.0	0.0	0.0
UK Government	30.0	7.6	35.0	8.5
UK Local Authority	120.0	30.4	120.0	29.3
Internal Investments	349.3	88.5	364.7	89.0
Externally Managed - Multi Asset	23.5	5.9	22.9	5.6
Externally Managed – Property	22.1	5.6	22.1	5.4
TOTAL INVESTMENTS	394.9	100.0	409.7	100.0

2.8 The full breakdown of the County Council’s investment portfolio on 30 June 2023 is shown in **Appendix A**.

2.9 In demonstrating compliance with the County Council’s creditworthiness policy (as contained within the approved 2023/24 “Annual Investment Strategy”) the movement in the 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:

Table 2 – Disposition of Investments by Credit Rating

Institution / Investment Credit Rating	Mar-23 £’m	Jun-23 £’m
AAA (i)	90.9	96.1
AA-	64.8	84.8
A+	54.1	73.8
A	29.5	0.0
A- (or lower)	0.0	0.0
Local Authority (No Rating)	110.0	110.0
Internally Managed	349.3	364.7
Externally Managed	45.6	45.0
Total Investments	394.9	409.7

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

2.10 The Director of Finance and Support Services also confirms that during the first quarter there were no breaches of the following additional exposure limits as approved within the 2023/24 Annual Investment Strategy, including:

- (a) Up to a maximum of £200m may be invested in short-term Money Market Funds (excluding externally managed pooled funds). **Actual:** £96.1m on 30 June 2023 (£161.5m highpoint during the quarter).
- (b) 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:** £45m total investment on 30 June 2023; all of which is invested in unrated multi-asset income and property funds (change in fund market valuations being the only movements during the quarter).

- (c) Up to a maximum of £90m (£30m per individual sovereign) may be invested in non-UK organisations (excluding investments held in short-term Money Market Funds and externally managed pooled funds).

Table 3 – Disposition of Investments by Sovereign (Non-UK)

Deposits by Sovereign	Mar-23 £'m	Jun-23 £'m
Australia	24.7	15.0
Canada	14.9	14.9
Finland	9.9	9.9
Netherlands	14.3	14.3
Total Investments	63.8	54.1

£63.8m representing the highpoint of such invested amounts during the first quarter of 2023/24.

- (d) Up to a maximum of £100m may be invested in negotiable instruments (bonds, certificate of deposits etc.) held in a nominated custody account. **Actual:** £39.1m on 30 June 2023 – see Appendix A/Memorandum (*£63.3m representing the highpoint during the quarter*).
- (e) 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 County Council’s Treasury Indicators). **Actual:** £45m on 30 June 2023 being investments in externally managed pooled funds (*no new long-term investments arranged during the quarter*).

3. Risk implications and mitigations

- 3.1 Covered in main body of report.

Taryn Eves
Director of Finance and Support Services

Contact Officers

Vicky Chuter, Financial Reporting Manager, 033 022 23414
 Jon Clear, Treasury Management Officer, 033 022 23378

Appendices

Appendix A – The County Council’s investment portfolio on 30 June 2023.

Background Papers

None

Investments held on 30 June 2023

Investments held with counterparty's approved within the County Council's 2023/24 Treasury Management Strategy (together with prevailing credit ratings and maximum monetary and duration limits) on 30 June 2023, are set out below:

Total Investments at 30 June = £409.7m

Table 1: UK Government Backed Deposits – Total £35.0m

Counterparty	Credit Rating	Monetary Limits	Duration Limits	Start Date	Maturity Date	No. of Days	Days to Maturity	Interest Rate	Amount
Debt Management Account Deposit Facility	AA-	Unlimited	50 Years	05/06/23	24/07/23	49	24	4.560%	£35.0m

Table 2: UK Banks (Unsecured) – Total £59.5m

Counterparty	Credit Rating	Monetary Limits	Duration Limits	Start Date	Maturity Date	No. of Days	Days to Maturity	Interest Rate	Amount
Goldman Sachs International Bank	A+	£15m	1 Year (i)	06/02/23	08/08/23	183	39	4.095%	£5.0m
Goldman Sachs International Bank	A+	£15m	1 Year (i)	09/05/23	08/08/23	91	39	4.620%	£10.0m
Handelsbanken Plc	AA-	£15m	1 Year	07/06/23	07/12/23	183	160	5.000%	£15.0m
Lloyds Bank Plc (Business Accounts)	A+	£15m	1 Year	n/a	n/a	n/a	n/a	0.000%	£0.0m
Lloyds Bank Plc	A+	£15m	1 year	01/06/23	01/12/23	183	154	5.010%	£4.5m
Lloyds Bank Plc	A+	£15m	1 year	01/06/23	01/03/24	274	245	5.170%	£5.0m
Lloyds Bank Plc	A+	£15m	1 year	01/06/23	31/05/24	365	336	5.240%	£5.0m
National Westminster Bank Plc	A+	£15m	1 Year	03/08/22	03/08/23	365	34	2.620%	£5.0m
National Westminster Bank Plc	A+	£15m	1 Year	03/02/23	03/11/23	273	126	4.350%	£5.0m
National Westminster Bank Plc	A+	£15m	1 Year	03/02/23	02/02/24	364	217	4.450%	£5.0m

- (i) *The 2023/24 Treasury Management Strategy approves investment durations up to a maximum of one year for unsecured deposits in UK Banks holding an A+ long-term credit rating. However, given Goldman Sachs International Bank's elevated CDS price (in comparison with other approved UK banks) the County Council currently only considers deposits up to a maximum six month duration; in line with recommended exposure limits received from Link Group (Link Treasury Services).*

Table 3: Non-UK Banks (Unsecured) – Total £54.1m

Counterparty	Credit Rating	Monetary Limits	Duration Limits	Start Date	Maturity Date	No. of Days	Days to Maturity	Interest Rate	Amount
Australia and New Zealand Bank (Australia)	A+	£15m	1 Year	22/07/22	21/07/23	364	21	2.840%	£5.0m
Australia and New Zealand Bank (Australia)	A+	£15m	1 Year	20/01/23	20/12/23	334	173	4.550%	£5.0m
Australia and New Zealand Bank (Australia)	A+	£15m	1 Year	21/04/22	19/04/24	364	294	5.080%	£5.0m
Cooperatieve Rabobank (Netherlands)	A+	£15m	1 Year	03/11/22	03/11/23	365	126	4.693%	£14.3m
Nordea Bank (Finland)	AA-	£15m	1 Year	21/09/22	21/09/23	365	83	4.065%	£9.9m
Toronto-Dominion Bank (Canada)	AA-	£15m	1 Year	12/08/22	11/08/23	364	42	3.125%	£10.0m
Toronto-Dominion Bank (Canada)	AA-	£15m	1 Year	13/09/22	13/09/23	365	75	3.935%	£4.9m

Table 4: UK Local Authorities – Total £120.0m

Counterparty	Credit Rating	Monetary Limits	Duration Limits	Start Date	Maturity Date	No. of Days	Days to Maturity	Interest Rate	Amount
Birmingham City Council	n/a	£25m	20 Years	30/11/22	30/11/23	365	153	4.050%	£10.0m
Birmingham City Council	n/a	£25m	20 Years	15/03/23	13/03/24	364	257	4.440%	£5.0m
Cornwall Council	AA-	£25m	20 Years	30/11/22	29/11/23	364	152	3.800%	£10.0m
Enfield Council	n/a	£25m	20 Years	27/02/23	19/12/23	295	172	4.320%	£10.0m
Haringey Council	n/a	£25m	20 Years	12/09/22	11/09/23	364	73	3.200%	£10.0m
Haringey Council	n/a	£25m	20 Years	27/09/22	26/09/23	364	88	3.200%	£5.0m
Hull City Council	n/a	£25m	20 Years	07/11/22	06/11/23	364	129	3.800%	£10.0m
Kirklees Council	n/a	£25m	20 Years	28/11/22	28/11/23	365	151	4.050%	£5.0m
Plymouth City Council	n/a	£25m	20 Years	13/04/23	11/04/24	364	286	4.500%	£10.0m
Southwark Council	n/a	£25m	20 Years	28/02/23	28/07/23	150	28	4.100%	£10.0m
Southwark Council	n/a	£25m	20 Years	28/02/23	27/02/24	364	242	4.250%	£5.0m
Suffolk County Council	n/a	£25m	20 Years	24/03/23	22/03/24	364	266	4.600%	£10.0m
Telford & Wrekin Council	n/a	£25m	20 Years	28/02/23	27/02/24	364	242	4.400%	£10.0m
Thurrock Council	n/a	£25m	20 Years	04/08/22	04/08/23	365	35	2.500%	£10.0m

Table 5: Short-Term Money Market Funds – Total £96.1m

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 (ii)	n/a	n/a	n/a	n/a	4.833%	£25.0m
Blackrock Sterling Liquidity Fund	AAA	£25m	Note (ii)	n/a	n/a	n/a	n/a	4.751%	£25.0m
Deutsche Sterling Liquidity Fund	AAA	£25m	Note (ii)	n/a	n/a	n/a	n/a	4.750%	£17.5m
Federated (UK) Sterling Liquidity Fund	AAA	£21.4m	Note (ii)	n/a	n/a	n/a	n/a	4.728%	£22.0m
Goldman Sachs Sterling Liquidity Fund	AAA	£21.4m	Note (ii)	n/a	n/a	n/a	n/a	4.704%	£6.6m

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

Table 6: Pooled Funds (Externally Managed) – Total £45.0m

Counterparty	Monetary Limits	Duration Limits	Start Date	No. of Days	Invested Amount	Income (Total)	Income (2023/24)	2023/24 EIR (iii)	Market Value
Fidelity Multi-Asset Income Fund	£15m	Note (iv)	11/12/18	1,663	£13.5m	£2.0m	£0.13m	3.927%	£10.9m
Ninety-One Diversified Income Fund	£15m	Note (iv)	05/12/18	1,669	£13.5m	£1.8m	£0.13m	3.857%	£12.0m
CCLA (Local Authorities' Property Fund)	£15m	Note (iv)	28/02/17	2,314	£10.0m	£2.6m	£0.09m	3.750%	£9.2m
Hermes Property Unit Trust (HPUT)	£15m	Note (iv)	28/08/18	1,768	£10.0m	£1.6m	£0.07m	3.000%	£9.0m
Lothbury Property Trust (LPT)	£15m	Note (iv)	03/09/18	1,762	£5.0m	£0.7m	£0.04m	2.852%	£3.9m

(iii) Actual income relating to 2023/24 (Q1) confirmed by Lothbury and Ninety-One only (as at 05/07/23); income from the other funds estimated based on indicative information received during the quarter from the respective fund managers.

(iv) Minimum five year investment horizon for externally managed multi-asset income and property pooled funds.

Memorandum (included within above tables)

Total investments in negotiable (tradable) instruments held in the Council Council’s HSBC custody account on 30 June 2023 (£39.1m):

Counterparty	Instrument	Start Date	Maturity Date	Amount
Cooperatieve Rabobank (Netherlands)	Certificate of Deposit	03/11/22	03/11/23	£14.3m
Nordea Bank (Finland)	Certificate of Deposit	21/09/22	21/09/23	£9.9m
Toronto-Dominion Bank (Canada)	Certificate of Deposit	12/08/22	11/08/23	£10.0m
Toronto-Dominion Bank (Canada)	Certificate of Deposit	13/09/22	13/09/23	£4.9m

Report to Regulation, Audit and Accounts Committee**14 July 2023****Proposed Changes to the Committee's Terms of Reference****Report by Director of Law and Assurance**

Summary

At the last meeting of the Committee a proposal was made to update the Terms of Reference with regards to referring matters of concern to the appropriate forum. In looking at the Terms of Reference, officers felt it would be opportune to ensure that all elements are up to date.

Officers therefore propose some amendments for consideration by the Committee. The changes would need to be referred to the Governance Committee for onward approval by the County Council.

Recommendations

That the Committee approves the proposed changes to the Committee's Terms of Reference and agrees to refer them to the Governance Committee for consideration and onward for approval by the County Council.

Proposal**1 Background and context**

- 1.1 At its March meeting members of the Committee agreed to formalise a referral process within its Terms of Reference so that matters of concern identified by the Committee could be referred to the relevant forum within the Council. Officers agreed to prepare this and to refer the necessary changes on to the Governance Committee for approval.
- 1.2 When looking into the Terms of Reference, it was noted that some references to legislation were out of date. There were also areas of responsibility that required rewrites to better reflect the work of the Committee.
- 1.3 Officers discussed this with the former Chairman of the Committee, Cllr Nigel Dennis, who agreed that a fuller report reflecting all the proposed changes should come back to the Committee for consideration before being submitted for onward approval.

2 Proposal details

- 2.1 Appendix A sets out the proposed changes to the current Terms of Reference.
- 2.2 The proposals do not change the role of the Committee, nor add any new areas of responsibility.

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- 2.3 The changes reflect advice of senior County Council officers to ensure the Terms of Reference reflect the duties of the Committee whilst complying with legislation and should provide greater transparency of the role of the Committee to elected members, officers, and the public.
- 2.4 Any changes to the Constitution need to be referred for consideration to the Governance Committee which would then refer the matter to the next full County Council meeting for approval and implementation.
- 2.5 The next meeting of the Governance Committee is in September, with the next County Council meeting in October.

3 Other options considered (and reasons for not proposing)

- 3.1 Not making the changes would leave the Terms of Reference out of date and not compliant with current legislation.

4 Consultation, engagement and advice

- 4.1 Guidance was sought from senior officers within the County Council. All references to specific officers and directorates have been checked to ensure they are up to date and correct.

5 Finance

- 5.1 There are no financial implications arising from this report.

6 Risk implications and mitigations

Risk	Mitigating Action (in place or planned)
Not having responsibilities up to date and clear could impact on the accountability and transparency of decision making	These changes to the Constitution ensure the terms of reference are up to date.

7 Policy alignment and compliance

- 7.1 The proposals are administrative and so do not engage policies relating to equality, human rights, climate change and social value or crime and disorder. They do, however, enable the Council to have clarity on the discharge of statutory responsibilities and so support the efficient use of its resources.

Tony Kershaw
Director of Law and Assurance

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Appendices

Appendix A - Proposed Changes to the Committee's Terms of Reference

Background papers

None

Regulation, Audit and Accounts Committee

Constitution

Seven members of the County Council and one non-voting co-opted independent member. Quorum is three members of the Council. The Chairman will be a minority group member in accordance with Standing Order 2.13.

~~**Note:** The purpose of the audit function of the Committee is to provide independent assurance of the adequacy of risk management framework and the associated control environment, independent scrutiny of the County Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment, and to oversee the financial reporting process.~~

The non-voting co-opted independent member should have experience of audit and financial management, preferably with knowledge of local authorities and will be appointed by the Committee on the recommendation of the Chairman and Vice-Chairman of the Committee. The term of office is four years, renewable twice with the agreement of the Committee.

Role

~~The committee's purpose is to provide an independent high-level oversight of the Council's systems of governance and risk management and its arrangements for financial control and compliance. Its role is to ensure there is sufficient assurance for governance, risk and control to provide confidence to all those charged with governance that arrangements are effective.~~

~~The committee has oversight of internal and external audit helping to ensure there are adequate arrangements in place for internal and external challenge and public accountability.~~

~~CIPFA provides guidance on the role and work of Audit Committees which can be made available to County Councillors on request.~~

Terms of Reference

Audit Functions

1. To undertake the County Council's responsibilities to ~~provide~~ensure an adequate and effective system of internal audit under the Accounts and Audit Regulations ~~2011~~2015.
2. To consider the Head of Internal Audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements.
3. To approve the internal audit ~~annual~~ work programme.
4. To monitor the effectiveness of the County Council's external audit arrangements, including liaison between internal and external audit.
5. To monitor the implementation of recommendations and actions arising from

the findings of **significant** audit work.

6. To consider the external auditor's letter, relevant reports, and the report to those charged with governance. To maintain an overview of reports to the County Council from other external inspection agencies to see that these are considered and acted upon by the appropriate body within the County Council so far as necessary.
7. To commission work from internal and external audit in line with the Committee's role.
- ~~8. Liaise with the Independent Audit Appointment Panel as necessary over the appointment of the County Council's external auditor.~~
8. To recommend to the County Council the approach, in line with legal requirements, for the appointment of the external auditor for the Council and, in consultation with the chairman of the Pensions Committee, for the West Sussex Pension Fund.

Accounts Functions

9. To consider and approve the annual statement of accounts, income and expenditure and balance sheet, or record of payments and receipts as required under the Accounts and Audit Regulations ~~2011~~2015 and the Local Government Pension Scheme (Administration) Regulations 2008 as amended.

Treasury Management Functions

10. To receive quarterly compliance reports on treasury management performance against planned parameters.
11. To consider the wider issues of managing treasury risk including borrowing in the context of interest rate forecasts and the needs of the capital programme.

~~Regulatory Functions~~ **Corporate Governance**

12. To agree revisions to the County Council's Standing Orders on Procurement and Contracts, Financial Regulations and Risk Management Procedures.
13. To oversee the production of the County Council's Annual Governance Statement, ~~and~~ to recommend its adoption and to monitor the delivery of its action plan.
14. To monitor the effective development of risk management, including annually agreeing the Council's risk approach as detailed in the Risk Management Strategy.
15. To monitor and approve any changes to the County Council's anti-fraud and corruption strategy.

Regulatory Functions

16. To oversee and consider reports on the discharge of the County Council's regulatory functions and related statutory responsibilities in so far as these may fall outside the responsibility of the County Council's executive.

~~16.~~17. To exercise the powers and duties of the County Council in relation to the approval of premises for the solemnisation of marriages and formation of civil partnerships under the Marriages (Approved Premises) Regulations 1995 as amended (delegated to the Assistant Director (Communities)).

~~17.~~18. To exercise the requirement under Regulation 9 of the Marriages and Civil Partnership (Approved Premises) Regulations 2005 to hear and determine formal representations from applicants who have had an application refused or revoked and have requested a review to the Proper Officer for Registration. This power to be exercised by any three members of the Committee appointed by the Director of Law and Assurance after consultation with the Chairman of the Committee.

~~18.~~19. To make, amend, revoke or re-enact byelaws under any provision of any enactment (including a local Act), whenever passed, and Section 14 of the Interpretation Act 1978 (c.30).

~~19.~~20. To exercise the powers and duties of the County Council in relation to Petroleum Storage Certificates (delegated to the Assistant Director (Environment and Public Protection)).

~~20.~~21. To exercise the powers and duties of the County Council in relation to the Manufacture and Storage of Explosives Regulations 2014 (delegated to the Assistant Director (Environment and Public Protection), including for any public hearing required).

~~21.~~22. To issue permits for operation of mini-buses under Section 19 Transport Act 1985 (delegated to the Assistant Director (Highways, Transport and Planning)).

~~22.~~23. To license the employment of children under Part II of the Children and Young Persons Act 1933 (c.33), byelaws made under that Part and Part II of the Children and Young Persons Act 1963 (c.37) (delegated to the Assistant Director (Education and Skills)).

~~23.~~24. To issue, cancel, amend or replace safety certificates for regulated stands at sports grounds under Part III of the Fire Safety and Safety of Places of Sport Act 1987 (c.27) (delegated to the Chief Fire Officer).

~~24.~~25. To issue, cancel or amend or replace safety certificates (whether general or special) for sports grounds under the Safety of Sports Grounds Act 1975 (delegated to the Chief Fire Officer).

26.—To receive and consider reports on the County Council's exercise of the powers available under the Regulation of Investigatory Powers Act 2000.

Other

27. To refer matters of concern to the appropriate forum for consideration, such as another Committee of the County Council.

~~25-28.~~ To review and adjust delegations to officers within the functions delegated to the Committee.

~~26-29.~~ To delegate powers, when appropriate and on the advice or recommendation of the Director of Law and Assurance, to another local authority including a borough or district council and to be able, subsequently, to review, amend or withdraw that delegation.

30. To consider a petition in accordance with the Petitions Scheme in accordance with Standing Order 3.43(b~~7~~).